DOCUMENT RESUME

ED 430 450 HE 032 041

TITLE	Louisiana State University System General Purpose Financial Statements and Independent Auditor's Reports as of and for the Year Ended June 30, 1998, with Supplemental Information Schedules.
INSTITUTION	Louisiana State Legislative Auditor, Baton Rouge.
PUB DATE	1999-04-07
NOTE	111p.
AVAILABLE FROM	Web site: http://www.lla.state.la.us
PUB TYPE	Numerical/Quantitative Data (110) -- Reports - Evaluative (142)
EDRS PRICE	MF01/PC05 Plus Postage.
DESCRIPTORS	*Accounting; Expenditures; *Financial Audits; Higher Education; Income; State Colleges; *State Universities; Tables (Data)
IDENTIFIERS	*Louisiana State University System

ABSTRACT

This report presents results of a financial audit of the Louisiana State University (LSU) system. The auditors also rendered opinions on financial statements of separate, incorporated foundations which oversee the investment of various university endowments, the financial statements for which were prepared by other auditors. An accompanying letter summarizes findings and notes that except for the practice of excluding liability relating to compensated absences, the general financial statements present the financial condition of the university fairly and according to generally accepted accounting principles. The auditor's report includes three general purpose financial statements covering combined balances for all funds; changes in fund balances; and current revenues, expenditures, and other changes. Also included are supplemental information schedules for the LSU Board of Supervisors and System Administration; the Pennington Biomedical Research Center; LSU & A&M College (Baton Rouge); LSU at Alexandria; LSU at Eunice; the Paul M. Hebert Law Center; LSU Agricultural Center; the University of New Orleans; LSU at Shreveport; and the LSU Medical Center. For each of the individual institutions, the report provides a balance sheet; a schedule of changes in fund balances; and a schedule of current revenues, expenditures, and other changes. (DB)

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STATE OF LOUISIANA
LEGISLATIVE AUDITOR

Louisiana State University System
State of Louisiana
Baton Rouge, Louisiana

April 7, 1999

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LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Baton Rouge, Louisiana

General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1998
With Supplemental Information Schedules

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge, New Orleans, and Shreveport offices of the Legislative Auditor.

April 7, 1999

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1998
With Supplemental Information Schedules

CONTENTS

	Statement	Page No.
Independent Auditor's Report on the Financial Statements		5
General Purpose Financial Statements:		
Combined Balance Sheet - All Funds	A	8
Combined Statement of Changes in Fund Balances	B	10
Combined Statement of Revenues, Expenditures, and Other Changes - Current Funds	C	14
Notes to the Financial Statements		15
	Schedule	**Page No.**
Supplemental Information Schedules:		
LSU Board of Supervisors and System Administration:		
Balance Sheet - All Funds	1	48
Schedule of Changes in Fund Balances	2	49
Schedule of Revenues, Expenditures, and Other Changes - Current Funds	3	50
Pennington Biomedical Research Center:		
Balance Sheet - All Funds	4	51
Schedule of Changes in Fund Balances	5	52
Schedule of Revenues, Expenditures, and Other Changes - Current Funds	6	53

CONTENTS (CONT.)

	Schedule	Page No.
Supplemental Information Schedules: (Cont.)		
LSU and A&M College - Baton Rouge:		
Balance Sheet - All Funds	7	54
Schedule of Changes in Fund Balances	8	56
Schedule of Revenues, Expenditures, and Other Changes - Current Funds	9	58
LSU at Alexandria:		
Balance Sheet - All Funds	10	59
Schedule of Changes in Fund Balances	11	61
Schedule of Revenues, Expenditures, and Other Changes - Current Funds	12	63
LSU at Eunice:		
Balance Sheet - All Funds	13	64
Schedule of Changes in Fund Balances	14	66
Schedule of Revenues, Expenditures, and Other Changes - Current Funds	15	68
Paul M. Hebert Law Center:		
Balance Sheet - All Funds	16	69
Schedule of Changes in Fund Balances	17	70
Schedule of Revenues, Expenditures, and Other Changes - Current Funds	18	71

CONTENTS (CONT.)

	Schedule	Page No.
Supplemental Information Schedules: (Cont.)		
LSU Agricultural Center:		
Balance Sheet - All Funds	19	72
Schedule of Changes in Fund Balances	20	74
Schedule of Revenues, Expenditures, and Other Changes - Current Funds	21	76
University of New Orleans:		
Balance Sheet - All Funds	22	77
Schedule of Changes in Fund Balances	23	79
Schedule of Revenues, Expenditures, and Other Changes - Current Funds	24	81
LSU in Shreveport:		
Balance Sheet - All Funds	25	82
Schedule of Changes in Fund Balances	26	84
Schedule of Revenues, Expenditures, and Other Changes - Current Funds	27	86
LSU Medical Center:		
Balance Sheet - All Funds	28	87
Schedule of Changes in Fund Balances	29	89
Schedule of Revenues, Expenditures, and Other Changes - Current Funds	30	93

CONTENTS (CONT.)

	Exhibit
Other Reports Required by *Government Auditing Standards*:	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the General Purpose Financial Statements	A
	Appendix
Management's Corrective Action Plan and Response to the Finding and Recommendation	A

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December 2, 1998, except for note 14 titled
"Fund Balance - Current Operations - Unrestricted (Deficit),"
dated February 19, 1999, and the finding in Exhibit A titled
"Inadequate Reporting of Receivables,"
dated February 12, 1999

Independent Auditor's Report on the Financial Statements

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the accompanying general purpose financial statements of the Louisiana State University System, a component unit of the State of Louisiana, as of and for the year ended June 30, 1998, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Louisiana State University System. Our responsibility is to express an opinion on these financial statements based on our audit.

The various campuses of the Louisiana State University System have contracted with their foundations to invest the university's Eminent Scholars Endowed Chairs Program funds and the Endowed Professorships Program funds. The financial statements of these foundations, which are separate corporations, were not audited by us, but were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the previously mentioned funds, is based solely upon the reports of the other auditors. The various campuses of the Louisiana State University System include these investments held by their foundations for the state portion of the Eminent Scholars Endowed Chairs Program and the Endowed Professorships Program with total investments in their financial statements. As of June 30, 1998, investments reported in Statement A includes investments held by the private foundations totaling $3,663,616 in the Restricted Funds (expendable part), which represents approximately 1.4% of Restricted Fund assets, and $31,364,203 in the Endowment Funds (nonexpendable part), which represents approximately 52.2% of Endowment Fund assets. In prior years, these activities were reported as due from private foundations. Our opinion, insofar as it relates to these amounts, is based solely upon the reports of the other auditors.

As discussed in note 24, the Louisiana State University System, Louisiana State University Medical Center has contracted with the Louisiana State University School of Medicine in New Orleans Faculty Group Practice doing business as LSU Healthcare Network to assist the LSU Medical Center in carrying out its medical, educational, and research functions. The financial statements of LSU Healthcare Network, a separate corporation, were not audited by us, but were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to amounts included for the previously mentioned operations, is based solely upon the report of the other auditors. As of June 30, 1998, Statement A includes assets of LSU

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Audit Report, June 30, 1998

Healthcare Network totaling $16,963,511 in the Restricted Fund, which represents approximately 6.6% of Restricted Fund assets. Also, Statement B includes revenues of LSU Healthcare Network totaling $46,360,762 in the Restricted Fund, which represents approximately 7.8% of Restricted Fund revenues, and expenditures of LSU Healthcare Network totaling $46,119,897 in the Restricted Fund, which represents approximately 7.8% of Restricted Fund expenditures. Our opinion, insofar as it relates to these amounts, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

As described in note 9 to the financial statements, the university has excluded the liability relating to compensated absences from the accompanying financial statements. In our opinion, generally accepted accounting principles require that such liability be reflected in the financial statements in the year in which the benefits accrue.

In our opinion, based on our audit and the reports of other auditors, except for the effects of not recording the liability relating to compensated absences, as discussed in the preceding paragraph, the accompanying general purpose financial statements referred to previously present fairly, in all material respects, the financial position of the Louisiana State University System at June 30, 1998; the changes in fund balances; and the current funds revenues, expenditures, and other changes for the year then ended, in conformity with generally accepted accounting principles.

As discussed in note 22 to the financial statements, the Louisiana State University Board of Supervisors assumed the responsibilities for the operations of the state's public hospital system for the year ended June 30, 1998. Also, as discussed in note 1-F to the financial statements, the Louisiana State University System implemented the reporting requirements of Statement Number 31 of the Governmental Accounting Standards Board for the year ended June 30, 1998.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 1998, except for note 14 titled "Fund Balance - Current Operations - Unrestricted (Deficit)," dated February 19, 1999, and the finding in Exhibit A titled "Inadequate Reporting of Receivables," dated February 12, 1999, on our consideration of the Louisiana State University System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Audit Report, June 30, 1998

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Louisiana State University System. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, based on our audit and the reports of the other auditors, except for the effects of not recording the liability relating to compensated absences, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

MGT:BJJ:PEP:dl

[LSU]

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
ALL FUNDS

Combined Balance Sheet, June 30, 1998

	CURRENT FUNDS			STUDENT LOAN FUNDS	ENDOWMENT FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED		
ASSETS					
Cash and cash equivalents (note 2)	$122,024,309	$15,493,624	$33,838,607	$2,093,395	$10,691,749
Investments (note 3)	24,200,000	3,161,224	33,307,305		47,286,772
Accrued interest	215,041	80,377	725,039		144,421
Accounts receivable (note 4)	106,331,070	6,552,377	97,653,599		21,236
Due from state General Fund					
Notes receivable				29,137,066	
Due from other funds (note 5)	4,403,659	2,291,887	90,700,939	1,019,312	523,925
Deferred charges and prepaid expenses	3,684,961	896,398	2,018,461		
Inventories	34,269,169	10,636,853	28,542		
Institutional plant (note 17)					
Other assets			5,681		1,381,141
TOTAL ASSETS	$295,128,209	$39,112,740	$258,278,173	$32,249,773	$60,049,244
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	$60,838,975	$3,961,291	$6,517,871	$28,047	
Accrued liabilities	26,971,276	735,807	8,535,125		
Due to state treasury (note 12)	86,267,406				
Due to other funds (note 5)	87,818,660	2,041,208	2,297,016		$1,706,480
Deposits held for others	1,294,594	973,859		122,463	
Deferred revenues	15,493,997	9,293,931	751,326		
Notes payable (note 11)					
Contracts payable (note 11)					
Bonds payable (note 11)					
Obligations under capital lease (note 10)					
Total Liabilities	278,684,908	17,006,096	18,101,338	150,510	1,706,480
Fund Equity:					
Net investment in plant					
Fund balances:					
Reserved (note 13)	34,269,170	2,760,470	21,427,397		
Current operations - unrestricted (deficit) (note 14)	(17,825,869)				
Current operations - restricted		19,345,174	218,749,238		
Noncurrent operations:					
Restricted				32,099,263	
Endowment					54,591,787
Term endowment					976,897
Quasi-endowment					2,774,080
Total Fund Equity	16,443,301	22,106,644	240,176,635	32,099,263	58,342,764
TOTAL LIABILITIES AND FUND EQUITY	$295,128,209	$39,112,740	$258,278,173	$32,249,773	$60,049,244

The accompanying notes are an integral part of this statement.

PLANT FUNDS					
UNEXPENDED	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY FUNDS	TOTAL (MEMORANDUM ONLY)
$24,943,463	$6,722,271	$165,586		$1,065,478	$217,038,482
50,690,989		7,734,036		157,224	166,537,550
262,270					1,427,148
73,710				5,432	210,637,424
		712,842			712,842
					29,137,066
					98,939,722
					6,599,820
					44,934,564
			$2,107,168,938		2,107,168,938
					1,386,822
$75,970,432	$6,722,271	$8,612,464	$2,107,168,938	$1,228,134	$2,884,520,378
$124,578	$8,909			$89	$71,479,760
					36,242,208
					86,267,406
5,073,668		$2,690			98,939,722
				1,228,045	3,618,961
					25,539,254
			$31,459,666		31,459,666
			3,820,118		3,820,118
			80,419,000		80,419,000
			3,310,478		3,310,478
5,198,246	8,909	2,690	119,009,262	1,228,134	441,096,573
			1,988,159,676		1,988,159,676
1,854,506	43,641	8,609,774			68,965,158
					(17,825,869)
					238,095,412
68,917,680	6,669,721				107,686,664
					54,591,787
					976,897
					2,774,080
70,772,186	6,713,362	8,609,774	1,988,159,676	NONE	2,443,423,805
$75,970,432	$6,722,271	$8,612,464	$2,107,168,938	$1,228,134	$2,884,520,378

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LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
ALL FUNDS

Combined Statement of Changes in Fund Balances
For the Year Ended June 30, 1998

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Revenues and other additions:				
Unrestricted current fund revenues	$562,478,272	$127,197,832		
Tuition and fees - restricted			$15,420,544	
Federal appropriations - restricted			11,505	
State grants and contracts - restricted			56,749,560	
Federal grants and contracts - restricted			116,510,244	$260,134
Local grants and contracts - restricted			2,359,646	
Private gifts, grants, and contracts - restricted			57,682,664	75
Investment income - restricted			5,074,203	100,835
Interest on loans receivable				606,703
Sales and services			146,464,417	
State funded endowments				
Endowment income			2,796,159	
Hospital - restricted	743,762,261		167,283,337	
Additions to plant facilities				
Retirement of indebtedness				
Other sources		19,493	23,932,885	296,063
Total revenues and other additions	1,306,240,533	127,217,325	594,285,164	1,263,810
Expenditures and other deductions:				
Educational and general	561,653,613		391,212,015	
Hospital	745,946,892		172,750,933	9,536
Auxiliary enterprises		112,121,430		
Indirect costs recovered			24,046,419	
Loan cancellations and write-offs				166,412
Expended for plant facilities				
Disposal of plant facilities				
Retirement of indebtedness				
Interest on indebtedness				
Refunded to grantors				63,379
Interagency transfers (note 18)	86,192,755			
Other		2,198,941		109,957
Total expenditures and other deductions	1,393,793,260	114,320,371	588,009,367	349,284
Transfers among funds - additions (deductions):				
Mandatory:				
Principal and interest		(3,384,868)	(3,318,184)	
Loan fund matching	(131,325)		(21,728)	153,053
Other (note 23)	(64,451,496)		64,451,496	
Nonmandatory:				
Capital improvements	(2,682,066)	(4,775,527)	(4,521,229)	
Renewals and replacements		(1,756,149)		
Other		739,725	230,751	
Total transfers among funds	(67,264,887)	(9,176,819)	56,821,106	153,053

(Continued)

The accompanying notes are an integral part of this statement.

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ENDOWMENT FUNDS	PLANT FUNDS: UNEXPENDED	PLANT FUNDS: RENEWALS AND REPLACEMENTS	PLANT FUNDS: RETIREMENT OF INDEBTEDNESS	PLANT FUNDS: INVESTMENT IN PLANT	TOTAL (MEMORANDUM ONLY)
					$689,676,104
					15,420,544
					11,505
					56,749,560
			$29,723		116,800,101
					2,359,646
$511,627					58,194,366
40,692	$3,741,879	$70,988	294,667		9,323,264
					606,703
					146,464,417
8,680,000					8,680,000
2,305,210					5,101,369
55,017					911,100,615
				$118,773,495	118,773,495
				4,606,740	4,606,740
244,973	7,905,802		701,270	2,256,218	35,356,704
11,837,519	11,647,681	70,988	1,025,660	125,636,453	2,179,225,133
					952,865,628
					918,707,361
					112,121,430
					24,046,419
					166,412
	24,363,874				24,363,874
				17,229,431	17,229,431
			3,925,144		3,925,144
			5,240,578		5,240,578
					63,379
	2,562,482				88,755,237
6,042		1,107,768		12,863,275	16,285,983
6,042	26,926,356	1,107,768	9,165,722	30,092,706	2,163,770,876
			6,703,052		
	11,830,374	148,448			
		1,756,149			
1,000	(379,467)	(971,476)	379,467		
1,000	11,450,907	933,121	7,082,519	NONE	NONE

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
ALL FUNDS
Combined Statement of Changes in Fund Balances, 1998

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Inventory decrease	($634,868)	NONE	($242,500)	NONE
Net increase (decrease) for the year	(155,452,482)	$3,720,135	62,854,403	$1,067,579
Fund balances at beginning of year (restated - note 15)	171,895,783	18,386,509	177,322,432	31,031,684
Fund balances at end of year	$16,443,301	$22,106,644	$240,176,835	$32,099,263

(Concluded)

The accompanying notes are an integral part of this statement.

ENDOWMENT FUNDS	PLANT FUNDS				TOTAL (MEMORANDUM ONLY)
	UNEXPENDED	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	
NONE	NONE	NONE	NONE	NONE	($877,368)
$11,832,477	($3,827,768)	($103,659)	($1,057,543)	$95,543,747	14,576,889
46,510,287	74,599,954	6,817,021	9,667,317	1,892,615,929	2,428,846,916
$58,342,764	$70,772,186	$6,713,362	$8,609,774	$1,988,159,676	$2,443,423,805

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
CURRENT FUNDS

Combined Statement of Revenues, Expenditures, and Other Changes
For the Year Ended June 30, 1998

	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	$149,271,304		$14,339,628
Federal appropriations	9,712,130		
State appropriations	371,767,338		66,772
Federal grants and contracts			98,333,454
State grants and contracts	2,509,398		50,515,182
Local grants and contracts			2,281,820
Private gifts, grants, and contracts			53,931,927
Hospital income	743,762,261		172,757,171
Sales and services of educational departments	12,018,095		145,863,526
Sales and services of auxiliary departments		$127,197,832	
Endowment income			2,069,083
Investment income	2,934,323		4,883,990
Other sources	14,265,684		21,384,526
Total revenues	1,306,240,533	127,197,832	566,427,079
Expenditures and transfers:			
Educational and general:			
Instruction	245,789,762		66,270,137
Research	83,218,954		101,501,184
Public service	33,855,724		125,657,658
Academic support	58,877,826		24,470,510
Student services	13,626,120		6,763,309
Institutional support	57,229,084		30,270,452
Operations and maintenance of plant	47,413,537		8,002,355
Scholarships and fellowships	21,642,606		28,276,410
Total educational and general expenditures	561,653,613	NONE	391,212,015
Mandatory transfers for:			
Principal and interest		3,384,868	3,318,184
Loan fund matching	131,325		21,728
Other	64,451,496		(64,451,496)
Nonmandatory transfers for:			
Capital improvements	2,682,066	4,775,527	4,521,229
Renewals and replacements		1,756,149	
Other		(739,725)	(230,751)
Auxiliary enterprises expenditures		112,121,430	
Hospital expenditures	745,946,892		172,750,933
Total expenditures and transfers	1,374,865,392	121,298,249	507,141,842
Other additions (deductions):			
Excess of restricted receipts over transfers to revenues			27,858,085
Inventory decrease	(634,868)		(242,500)
Interagency transfers	(86,192,755)		
Other		(2,179,448)	(24,046,419)
Net increase (decrease) in fund balances	($155,452,482)	$3,720,135	$62,854,403

The accompanying notes are an integral part of this statement.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Notes to the Financial Statements
As of and for the Year Ended June 30, 1998

INTRODUCTION

The Louisiana State University System is a publicly supported institution of higher education. The university is a component unit of the State of Louisiana, within the executive branch of government. The university is under the management and supervision of the Louisiana State University Board of Supervisors; however, the annual budgets of the university and changes to the degree programs, departments of instruction, et cetera, require the approval of the Board of Regents for Higher Education. The board of supervisors is comprised of 16 members appointed for a six-year term by the governor, with the consent of the Senate, and one student member appointed for a one-year term by a council composed of the student body presidents of the university. As a state university, operations of the university's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature. The chief executive officer of the university system is the president.

The university system is comprised of nine institutions on ten campuses in five cities, nine state hospitals and one community college. The system includes LSU and A&M College, Paul M. Hebert Law School, and Pennington Biomedical Research Center, all in Baton Rouge; the LSU Agricultural Center (including the Louisiana Agricultural Experiment Station and the Louisiana Cooperative Extension Service) with headquarters in Baton Rouge; the University of New Orleans; LSU in Shreveport; LSU in Alexandria and LSU in Eunice, both two-year institutions; and the LSU Medical Center composed of Schools of Medicine, Dentistry, Nursing, and Allied Health Professions, and a Graduate School in New Orleans, the Louisiana State University School of Medicine in New Orleans Faculty Group Practice (a Louisiana non-profit corporation doing business as LSU Healthcare Network) and a School of Medicine and Hospital in Shreveport. The state hospitals of the LSU Medical Center's Health Care Services Division include E. A. Conway Medical Center in Monroe, Earl K. Long Medical Center in Baton Rouge, Huey P. Long Medical Center in Pineville, University Medical Center in Lafayette, W. O. Moss Regional Medical Center in Lake Charles, Lallie Kemp Regional Medical Center in Independence, Washington-St. Tammany Regional Medical Center in Bogalusa, Leonard J. Chabert Medical Center in Houma, and Medical Center of Louisiana at New Orleans in New Orleans. Baton Rouge Community College, located in Baton Rouge, was created under the joint management of the Board of Supervisors of the Louisiana State University System and the Board of Supervisors of the Southern University System and is included as a part of the LSU System.

Operations of the Board of Supervisors, LSU and A&M College, Pennington Biomedical Research Center, LSU in Alexandria, LSU in Eunice, the Paul M. Hebert Law School, and the LSU Agricultural Center are referred to in portions of these notes as LSU and A&M College - Baton Rouge and related. Student enrollment for the university system for the 1997 fall semester totaled 56,708. During October 1997, the university system had approximately 5,000 full-time and part-time faculty members, including associates and affiliated faculty.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) considers both the American Institute of Certified Public Accountants (AICPA) College Guide model and the governmental model to be acceptable for accounting and financial reporting by governmental colleges and universities. The accompanying financial statements have been prepared in accordance with the AICPA College Guide model principles, except for the recognition of compensated absences. The university recognizes the liability for unused annual and sick leave when paid because major portions of the liability will be paid from the university's General Funds from future appropriations made by the Louisiana Legislature.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The university is considered a component unit of the State of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) a majority of the members of the governing boards are appointed by the governor; (2) the state has control and exercises authority over budget matters; (3) state appropriations provide the largest percentage of total revenues; (4) the state issues bonds to finance certain construction; and (5) the university primarily serves state residents. The accompanying financial statements present information only as to the transactions of the programs of the Louisiana State University System, a component unit of the State of Louisiana.

The Louisiana State University School of Medicine in New Orleans Faculty Group Practice (a Louisiana non-profit corporation doing business as LSU Healthcare Network) is considered a component unit of the university system and is included in the financial statements. The component unit is included in the reporting entity because of the significance of its operational and financial relationships with the Louisiana State University System, LSU Medical Center. Although the LSU School of Medicine in New Orleans Faculty Group Practice is legally separate, it is reported as a part of the university system because its purpose is to assist the LSU Medical Center in carrying out its medical, educational, and research functions.

Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements. The general purpose financial statements are audited by the Louisiana Legislative Auditor.

C. FUND ACCOUNTING

To observe the limitations and restrictions placed on the use of available resources, the accounts of the university are maintained in accordance with the principles of fund

accounting. Such principles prescribe the manner in which resources for various purposes are classified, for accounting and reporting purposes, into funds that are in accordance with specified activities or objectives. Accounts are separately maintained for each fund; however, in the accompanying financial statements, funds having similar characteristics have been combined into fund groups. Accordingly, all financial statements have been reported by fund groups. A brief description of each fund group follows:

Current Funds

Current funds are operating funds that will be expended in the near term. Such funds include the General Fund, Auxiliary Enterprises Fund, and Restricted Fund.

The General Fund is used for operating purposes on which there are no restrictions, except the budgetary control provisions included in the annual legislative appropriation act. The current funds also include auxiliary enterprise funds designated by the Board of Supervisors as applicable to certain activities to maintain the operations as essentially self-supporting. Unexpended balances in the auxiliary activities are retained to fund future expenses of the auxiliary operations. Restricted current funds represent those operating funds on which restrictions have been imposed that limit the purposes for which such funds can be used and include gifts, grants, or contracts from governmental or private agencies.

Student Loan Funds

The student loan funds group accounts for resources available for loans to students.

Endowment Funds

The endowment fund group consists of endowment funds, term endowment funds, and quasi-endowment funds. Endowment funds are funds with respect to which donors or other outside agencies have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income that may either be expended or added to principal. Term endowment funds differ from endowment funds in that all or a portion of the principal becomes expendable after a stated period of time or an occurrence of a specified event. Quasi-endowment funds are those funds that the governing board of the institution, rather than a donor or other external agency, has determined to treat as endowment funds, to be retained and invested. Expendable income derived from investment of principal is accounted for in the restricted current fund; any nonexpendable interest is accounted for as income in the endowment fund.

Plant Funds

The plant funds group contains four self-balancing subgroups. Unexpended plant funds are used for the acquisition of long-lived assets for institutional purposes. Funds for renewals and replacements are set aside from current operating revenues for the renewal and replacement of auxiliary enterprise properties. Funds for retirement of indebtedness are to service plant indebtedness of the university. Investment in plant includes all long-lived assets of the university. Certain plant assets are provided directly by the state and are funded by general obligation bonds of the state. While the plant assets are included in the financial statements, the general obligation bonds are not since they are funded by the state treasurer.

Agency Funds

Agency funds are deposits in which the university acts as custodian or fiscal agent on behalf of others, such as student or faculty organizations and workshops.

D. BASIS OF ACCOUNTING

The financial statements of the university have been prepared on the accrual basis of accounting, except that (1) depreciation is not recognized; (2) annual and sick leave are recognized when paid; and (3) the inventories of the General Fund are recorded as expenditures at the time of purchase.

The statement of current funds revenues, expenditures, and other changes is a statement of financial activities of current funds relating to the current reporting period. It does not purport to present the results of operations (net income or loss) for the period as would a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures in the case of normal acquisitions, repairs, and renovations; mandatory transfers in the case of required provisions for debt amortization and interest; and as transfers of a nonmandatory nature for all other cases.

E. BUDGET PRACTICES

The appropriations made for the General Fund of the Louisiana State University System are annual lapsing appropriations established by legislative action and by Title 39 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the Board of Regents for Higher Education and certain legislative and executive agencies of state government. Budget revisions are granted by the Joint Legislative Committee on the Budget. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting, except that (1) depreciation is not recognized; (2) leave

costs are treated as budgeted expenditures to the extent that they are expected to be paid; and (3) inventories in the General Fund are recorded as expenditures at the time of purchase.

The original approved budgets and subsequent amendments approved are as follows:

	Board of Supervisors and System Administration	Pennington Biomedical Research Center	LSU and A&M College - Baton Rouge
Original approved budget	$3,984,123	$6,003,554	$229,566,946
Peamble increase (decrease)	(11,373)	82,525	2,127,053
Increases:			
State General Fund	475,033	191,547	5,813,394
Federal funds			
Self-generated			2,417,600
Interagency transfers			302,531
Total	$4,447,783	$6,277,626	$240,227,524

The other funds of the university, although subject to internal budgeting, are not required to submit budgets for approval through the legislative budget process.

F. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes cash on hand, demand deposits, and interest-bearing demand deposits. Cash equivalents include amounts in time deposits. Under state law, the Louisiana State University System may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the university may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

In accordance with Louisiana Revised Statute (R.S.) 49:327(C)(3), the university is authorized to invest funds in direct United States Treasury obligations and, in addition, funds derived from gifts and grants, endowments, and reserve funds established in accordance with bond issues may be invested as stipulated by the conditions of the gift instrument or bond indenture. The majority of these investments are United States Treasury securities, mutual funds, and investments held by private foundations and are reported at market value on the balance sheet.

LSU at Alexandria	LSU at Eunice	Paul M. Hebert Law Center	LSU Agricultural Center	University of New Orleans	LSU in Shreveport	LSU Medical Center
$7,969,433	$7,083,475	$9,682,274	$76,210,997	$80,790,231	$17,786,091	$1,106,635,579
64,427	34,462	208,290	(166,925)	110,536	155,850	(3,062,347)
66,513	267,983	291,875	958,767	2,452,551	445,128	1,108,930
						29,141,434
					300,000	
						6,017,030
$8,100,373	$7,385,920	$10,182,439	$77,002,839	$83,353,318	$18,687,069	$1,139,840,626

The university system implemented the requirements of Statement Number 31 of the Governmental Accounting Standards Board for the year ended June 30, 1998. Investments are reported at fair value and changes to the fair value of investments are reported in the Investment Income Account in the financial statements. All material differences between cost and fair value at June 30, 1997, have been reported as prior period adjustments and resulted in the restatement of beginning fund balances reported in the financial statements.

G. INVENTORIES

Inventories are valued at cost or replacement cost, except for livestock at the LSU and A&M College - Baton Rouge and the Agricultural Center and the inventory of Professional Practice and the Dental School of the LSU Medical Center - New Orleans. These inventories are valued at current market prices. The university uses periodic and perpetual inventory systems and values its various other inventories using the first-in, first-out and weighted-average valuation methods. Inventories in the General and Restricted Funds are recorded as expenditures at the time of purchase. Year-end balances are offset by a fund balance reserve that indicates this portion of the fund balance does not constitute available spendable resources. The inventories of the auxiliary enterprise funds are expended when sold or used.

H. DEFERRED REVENUES

Tuition and fees collected at June 30, 1998, but applicable to the 1998 summer session, are reported as deferred revenues. Expenses relating to this session are reported in the period the tuition and fees are recognized as revenues.

I. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve fund balances, is employed by the university during the year. Encumbrances outstanding at year-end in all funds, except for the General Fund and certain encumbrances of the Restricted Fund referred to in note 13, are reported as reservations of fund balance since they do not constitute expenditures or liabilities in the year encumbered. Encumbrances of the General Fund are not included in the financial statements because the university does not have the ability to finance the liquidation of encumbrances after June 30, 1998, as provided by R.S. 39:82.

J. PLANT ASSETS

Physical plant and equipment are stated at cost at the date of acquisition, estimated cost if actual cost is not known, fair market value at date of donation in the case of gifts, or market value for livestock. Public domain or infrastructures are capitalized.

Construction in progress is capitalized during construction. No depreciation has been provided on plant assets.

K. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. Faculty with 12-month appointments who have over 10 years of state service, non-classified employees with over 10 years of state service, and classified employees regardless of years of state service accumulate leave without limitation. According to the university leave schedule, faculty with 12-month appointments who have less than 10 years of state service and non-classified employees with less than 10 years of state service can only accumulate 176 hours of annual leave; sick leave is accumulated without limitation. Effective January 1, 1994, academic and unclassified employees were given the opportunity to elect to remain under the university leave schedule or change to the Louisiana State Civil Service annual leave accrual schedule under which there is no limit on the accumulation of annual leave. Nine-month faculty members accrue sick leave but do not accrue annual leave; however, they are granted faculty leave during holiday periods when students are not in classes. Upon separation of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and unclassified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. The liability for unused annual leave and unused sick leave, as discussed previously in note 1, is not recorded in the accompanying financial statements.

L. TOTAL COLUMNS ON STATEMENTS

Total columns on the statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations. Neither are such data comparable to a consolidation.

2. CASH AND CASH EQUIVALENTS

At June 30, 1998, the university has cash and cash equivalents (book balances) of $217,038,482 as follows:

	Cash on Hand	Cash - Demand Deposits	Interest-Bearing Demand Deposits	Cash Equivalents - Time Deposits	Cash in State Treasury	Total
LSU and A&M College - Baton Rouge and Related	$749,244	($4,500,948)		$79,479,143		$75,727,439
University of New Orleans	170,040	101,019	$7,403,094	840,000		8,514,153
LSU in Shreveport	36,313	1,762	88,198	4,597,058	$69,593	4,792,924
LSU Medical Center	4,956,381		12,387,827	8,338,905	102,320,853	128,003,966
Total	$5,911,978	($4,398,167)	$19,879,119	$93,255,106	$102,390,446	$217,038,482

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1998, the university has $133,417,728 in deposits (collected bank balances), excluding amounts held within the state treasury. These deposits are secured from risk by $2,993,054 of federal deposit insurance (GASB Category 1), $96,444,075 collateralized with securities held by the pledging financial institution's trust department or agent in the university's name (GASB Category 2), and $33,980,599 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Included in cash and cash equivalents is cash available to the university within the state treasury totaling $102,390,446. Securities pledged for cash in the state treasury are not included in the above computations as these amounts are secured by fiscal agent banks established by the state treasury independent of the university.

3. INVESTMENTS

At June 30, 1998, the university has investments totaling $166,537,550 as follows:

	LSU and A&M College - Baton Rouge and Related	University of New Orleans	LSU in Shreveport	LSU Medical Center
United States government securities held by financial institution in institution's name		$7,453,630		
United States government securities held by the financial institution in trust	$5,188,104	967,294		$59,275,173
Mutual funds held by the financial institution or its agent in trust	49,862,967			
Stock held by the university	4,772,140	12,998		260,543
Real estate				3,716,882

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	LSU and A&M College - Baton Rouge and Related	University of New Orleans	LSU in Shreveport	LSU Medical Center
Investments held by private foundations in external investment pools	$22,562,472	$5,825,074	$536,195	$6,104,078
Total investments	$82,385,683	$14,258,996	$536,195	$69,356,676

Investments for the LSU and A&M College - Baton Rouge and Related include the securities of the Board of Supervisors and System Administration, Pennington Biomedical Research Center, LSU at Alexandria, LSU at Eunice, the Paul M. Hebert Law Center, and the LSU Agricultural Center. The investments are reported at fair value as required by GASB Statement 31. Investments held by private foundations in external investment pools are managed in accordance with the terms outlined in a management agreement executed between the university and the foundation. Each university is a voluntary participant.

The credit risk of GASB Codification Section I50.164 was applied to the university's investments. Stocks of $5,762,707 and United States government securities of $243,988 are investments either held by the university or its agent or are insured or registered in the university's name (GASB Category 1). United States government securities of $64,977,418 are held by the counterparty or its trust department or agent in the university's name (GASB Category 2). Investments totaling $6,945,769 are unsecured and unregistered with securities held by the counterparty or its trust department or agent but not in the university's name (GASB Category 3). Mutual funds totaling $49,862,967, real estate investments totaling $3,716,882, and investments held by private foundations in external investment pools totaling $35,027,819 were not categorized.

4. ACCOUNTS RECEIVABLE

Accounts receivable are shown on Statement A net of an allowance for doubtful accounts as follows:

Fund	Accounts Receivable	Allowance for Doubtful Accounts	Net Statement A
General	$777,172,942	$670,841,872	$106,331,070
Auxiliary Enterprises	6,574,164	21,787	6,552,377
Restricted	140,739,637	43,086,038	97,653,599
Endowment	21,236		21,236
Unexpended Plant	73,710		73,710
Agency	5,432		5,432
Total	$924,587,121	$713,949,697	$210,637,424

The allowance represents a provision in current funds from patients served at various hospitals, medical center clinics, and outside billings.

5. DUE FROM/TO OTHER FUNDS

The following is a summary of amounts due from/to other funds at June 30, 1998:

	Due From Other Funds	Due To Other Funds
Current Funds:		
General	$4,403,659	$87,818,660
Auxiliary Enterprises	2,291,887	2,041,208
Restricted	90,700,939	2,297,016
Student Loan Funds	1,019,312	
Endowment Funds	523,925	1,706,480
Plant Funds:		
Unexpended		5,073,668
Renewals and Replacements		
Retirement of Indebtedness		2,690
Total	$98,939,722	$98,939,722

6. PENSION PLANS

Plan Description. Substantially all employees of the university are members of two statewide, public employee retirement systems. Academic employees are generally members of the Louisiana Teachers Retirement System (TRS), and classified/unclassified state employees are members of the Louisiana State Employees Retirement System (LASERS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446, and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600.

Funding Policy. The contribution requirements of employee plan members and the university are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in R.S. 11:102. Employees contribute 8% (TRS) and 7.5% (LASERS) of covered salaries. The state is required to contribute 16.4% of covered salaries to TRS and 13% of covered salaries to LASERS. The university's employer contribution is funded by the State of Louisiana through the annual appropriation to the university. The university's employer contributions to TRS for the years ended June 30, 1998, 1997, and 1996, were $24,642,144, $23,460,182, and $21,702,077, respectively, and to LASERS for the years ended June 30, 1998, 1997, and 1996, were $52,547,349, $20,866,691, and $20,359,383, respectively, equal to the required contributions for each year.

Optional Retirement System

R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid universities in recruiting employees who may not be expected to remain in TRS for 10 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Total contributions by the university are 16.4% of the covered payroll. The participant's contribution (8%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by the actuarial committee. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Benefits payable to participants are not the obligations of the State of Louisiana or the TRS. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the optional retirement plan totaled $30,657,749 and $15,449,640, respectively, for the year ended June 30, 1998.

7. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The university provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the university's employees become eligible for these benefits if they reach normal retirement age while working for the university. These benefits for retirees and similar benefits for active employees are provided through a state-operated group insurance program and various insurance companies whose monthly premiums are paid jointly by the employee and the university. The university recognizes the cost of providing these benefits to retirees (university's portion of premiums) as an expenditure when paid during the year. These retiree benefits totaled $10,667,081 for the year ended June 30, 1998.

8. CONTINGENT LIABILITIES AND RISK MANAGEMENT

At June 30, 1998, the university is contingently liable for $485,174 as guarantor of mortgage loans on sorority and fraternity houses built on university property. This amount has not been accrued in the accompanying financial statements. Also, the university is involved in numerous lawsuits at June 30, 1998. In the opinion of legal counsel for the university, the ultimate outcome of these lawsuits cannot be determined; however, any losses, with few exceptions, would be fully covered by insurance. Losses arising from judgments, claims, and similar contingencies are paid by either private insurance companies or through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program, or by General Fund appropriation. The university is involved in 628 lawsuits at June 30, 1998, of which 65 lawsuits are handled by contract attorneys. The remainder of the lawsuits is handled by the Office of Risk Management. Of the 65 lawsuits being handled by contract attorneys, the attorneys have estimated a possible liability of $4,817,700 relating to nine of the lawsuits. This amount has not been accrued in the accompanying financial statements. The contract attorneys did not estimate a liability for four lawsuits in which the plaintiffs are seeking damages of $2,519,000.

9. COMPENSATED ABSENCES

At June 30, 1998, employees of the university have accumulated and vested $69,285,494 of employee annual leave benefits and $20,377,715 of sick leave benefits, which were computed in accordance with GASB Codification Section C60.105. As previously discussed, the leave payable is not recorded in the accompanying financial statements. If the financial statements were corrected for this departure from generally accepted accounting principles, current funds' liabilities would be increased by $73,991,552 in the Current Funds - General Fund; $2,524,047 in the Current Funds - Auxiliary Fund; and $13,147,610 in the Restricted Fund. Also, the net increase in fund balance would be decreased by $6,362,171 for the year ended June 30, 1998, and an adjustment to decrease prior year fund balances would be made for $85,659,499.

10. LEASE OBLIGATIONS

Operating Leases

The annual rental payments for noncancelable operating leases during the next five fiscal years are presented as follows:

Nature of Operating Lease	1999	2000	2001	2002	2003	Thereafter
Office space	$3,920,306	$2,413,352	$741,212	$740,937	$611,896	$1,436,972
Equipment	2,007,699	63,084	14,976			
Other	1,984,735	610,437	350,553	18,120	11,100	63,183
Total	$7,912,740	$3,086,873	$1,106,741	$759,057	$622,996	$1,500,155

Capital Leases

The university records items under capital leases as assets and obligations in the accompanying financial statements. The following is a schedule of future minimum lease payments under capital leases, together with the present value of minimum lease payments at June 30, 1998:

Fiscal year ending June 30:	
1999	$1,163,800
2000	974,836
2001	709,704
2002	568,693
2003	275,905
Total minimum lease payments	3,692,938
Less - amount representing interest	(382,460)
Present value of net minimum lease payments	$3,310,478

11. LONG-TERM DEBT

Notes Payable

The university has entered into a number of installment purchase agreements for the purchase of computer equipment, copiers, vehicles, et cetera. These agreements require scheduled payments either on a monthly or annual basis and have interest rates ranging from zero to 12%. The following is a summary of installment notes payable by the university for the year ended June 30, 1998:

Balance at July 1, 1997	$6,184,169
Installment purchases in 1998	5,370,600
Installment payments in 1998	(2,641,769)
Installment notes payable at June 30, 1998	$8,913,000

The following is a summary of future minimum installment payments as of June 30, 1998:

Year Ending June 30,	
1999	$3,092,401
2000	2,839,898
2001	2,000,166
2002	1,008,295
2003	770,139
Total minimum installment payments	9,710,899
Less - amount representing interest	(797,899)
Total	$8,913,000

The majority of the installment purchase agreements have non-appropriation exculpatory clauses that allow for lease cancellation if the Louisiana Legislature does not make an appropriation for its continuation during any future fiscal period.

In addition to the installment purchase agreements, the university has entered into loan agreements with the Louisiana Public Facilities Authority (LPFA) on October 31, 1988. The LPFA loan agreement totaling $28,500,000 is for financing, refinancing, or reimbursing the cost of facilities; improvements and expansions of the LSU Athletic Department; construction of the Student Recreation Sports Center for Louisiana State University and A&M College - Baton Rouge, improvements for parking and safety at Louisiana State University and A&M College - Baton Rouge, improvements to residential life facilities ($26,200,000); additions to the parking garage at the LSU Medical Center in New Orleans ($1,000,000); and building a child care center at the University of New Orleans ($1,300,000). The loan repayments are payable from the fees, rates, rentals, charges, grants, or other receipts or income derived by or in connection with the facilities, equipment, and improvements. According to terms of the loan agreement, the university is to repay principal and interest on the obligation on the 28th day of each month commencing August 28, 1991. The university made payments during the year totaling $1,214,168. At June 30, 1998, the outstanding balance is $22,546,666.

Notes payable totaling $31,459,666 are reflected on Statement A.

Bonds and Contracts Payable

As presented on Statement A, at June 30, 1998, contracts payable total $3,820,118 and bonds payable total $80,419,000.

The following is a summary of bonds and reimbursement contracts payable by the university for the year ended June 30, 1998:

	LSU and A&M College - Baton Rouge	LSU at Alexandria	LSU at Eunice
Bonds and contracts payable at July 1, 1997	$65,864,666	$636,857	
Bonds and contracts added	6,500,000		$1,650,000
Bonds and contracts retired	(2,106,262)	(80,428)	
Bonds and contracts payable at June 30, 1998	$70,258,404	$556,429	$1,650,000

Detailed summaries, by issues, of all bond and reimbursement contract debt outstanding at June 30, 1998, including interest payments of $51,184,636 for LSU and A&M College - Baton Rouge; $109,744 for LSU at Alexandria; $999,250 for LSU at Eunice; $9,537,645 for the University of New Orleans; $38,678 for LSU in Shreveport; and $46,550 for the LSU Medical Center follow:

University of New Orleans	LSU in Shreveport	LSU Medical Center	Total
$11,290,000	$368,571	$640,000	$78,800,094
			8,150,000
(350,000)	(54,286)	(120,000)	(2,710,976)
$10,940,000	$314,285	$520,000	$84,239,118

Bonds Payable

Issue	Date of Issue	Original Issue	Outstanding July 1, 1997
LSU and A&M College - Baton Rouge			
Student Housing System Bonds:			
Series 1961	July 1, 1961	$2,735,000	$423,000
1963 - Series A	July 1, 1963	1,100,000	185,000
1964:			
Series A	July 1, 1964	900,000	259,000
Series B	July 1, 1964	3,790,000	1,116,000
Building Bonds of 1965 - Series B	July 1, 1965	1,545,000	448,000
Student Housing System Bonds:			
1966:			
Series B	July 1, 1966	2,175,000	750,000
Series C	July 1, 1966	1,250,000	395,000
1968:			
Series A	July 1, 1968	1,725,000	120,000
Series B	July 1, 1968	1,275,000	420,000
1981 - Series A	July 1, 1982	1,241,000	336,000
Auxiliary Revenue Bonds 1994	June 15, 1994	26,290,000	24,545,000
1996 Revenue Bonds	September 5, 1996	33,485,000	33,485,000
1997 Auxiliary Revenue Bonds	December 1, 1997	6,500,000	
LSU at Eunice			
1998 Auxiliary Revenue Bonds	June 1, 1998	1,650,000	
University of New Orleans			
Jefferson Center, 1996-A	August 1, 1996	4,485,000	4,185,000
Revenue Bonds of 1997:			
Series A	January 15, 1997	5,965,000	5,965,000
Series B	February 5, 1997	1,140,000	1,140,000
LSU Medical Center			
New Orleans - Building Revenue Bonds of 1962	April 1, 1962	2,990,000	640,000
Total Bonds Payable		$100,241,000	$74,412,000

Redeemed	Outstanding June 30, 1998	Maturities	Interest Rates	Interest Outstanding June 30, 1998
$110,000	$313,000	1998-2001	3.5%	$20,264
44,000	141,000	1998-2003	3.5%	10,360
34,000	225,000	1998-2004	3.625%	28,637
140,000	976,000	1998-2004	3.625%	126,004
55,000	393,000	1998-2005	3%	45,630
75,000	675,000	1998-2006	3%	94,350
45,000	350,000	1998-2006	3%	44,700
120,000				
40,000	380,000	1998-2008	3%	54,150
80,000	256,000	1998-2001	3%	15,510
930,000	23,615,000	1998-2014	4.2% - 5.75%	12,838,684
	33,485,000	1998-2026	4.2% - 5.5%	33,496,767
	6,500,000	1998-2017	4.0% - 5.2%	3,766,312
	1,650,000	1998-2018	5.0%	999,250
300,000	3,885,000	1998-2026	4.10%-5.60%	3,073,943
50,000	5,915,000	1998-2006	3.75%-5.65%	5,853,165
	1,140,000	1998-2013	5.40%-6.05%	610,537
120,000	520,000	1998-2002	3.5%	46,550
$2,143,000	$80,419,000			$61,124,813

Reimbursement Contracts Payable

Issue	Date of Issue	Original Issue	Outstanding July 1, 1997
LSU and A&M College - Baton Rouge and Related			
Tiger Stadium Additions Bonds, Series 1976-B	February 1, 1976	$3,500,000	$990,398
LSU Union Additions Bonds, Series 1984-B	July 31, 1984	2,700,000	1,840,698
Student Recreation Sports Center Bonds, Series 1984-A	April 1, 1984	750,000	405,662
LSU Union Additions Bonds, Series 1983-A	March 1, 1983	300,000	145,908
Building Bonds, Series 1977-C - Alexandria	October 1, 1977	100,000	36,857
Student Union Additions Bonds, Series 1979-B - Alexandria	June 15, 1979	1,410,000	600,000
LSU in Shreveport			
Building Bonds, Series 1977-C	October 1, 1977	1,000,000	368,571
Total Reimbursement Contracts Payable		$9,760,000	$4,388,094

The annual requirements to amortize all bonds and reimbursement contracts outstanding at June 30, 1998, including interest of $61,916,503, are as follows:

Fiscal Year	LSU and A&M College - Baton Rouge and Related	University of New Orleans	LSU in Shreveport	LSU Medical Center	Total
1999	$6,862,448	$1,047,310	$70,714	$138,200	$8,118,672
2000	6,861,776	1,057,130	70,789	144,000	8,133,695
2001	6,840,659	1,055,018	70,729	139,450	8,105,856
2002	6,352,601	756,518	70,532	144,900	7,324,551
2003	6,350,946	750,104	70,199		7,171,249
Subsequent years	91,490,033	15,811,565			107,301,598
Total	$124,758,463	$20,477,645	$352,963	$566,550	$146,155,621

Redeemed	Outstanding June 30, 1998	Maturities	Interest Rates	Interest Outstanding June 30, 1998
$224,608	$765,790	1998-2001	5.6%	$87,650
144,369	1,696,329	1998-2004	4.67% - 6.01%	394,856
44,772	360,890	1998-2004	9.3% - 9.5%	128,119
19,513	126,395	1998-2003	8.125% - 8.2%	32,643
5,428	31,429	1998-2003	4.70% - 4.75%	3,869
75,000	525,000	1998-2004	5.375% - 5.5%	105,875
54,286	314,285	1998-2002	4.70% - 4.75%	38,678
$567,976	$3,820,118			$791,690

The following is a summary of the debt service reserve requirements of the various bond issues at June 30, 1998:

Bond Issue	Cash/ Investment Reserves Available	Reserve Requirement	Difference
Auxiliary Plant:			
LSU and A&M College - Baton Rouge	$7,130,932	$7,130,932	
LSU at Alexandria	111,859	111,859	
LSU at Eunice	6,646	6,646	
University of New Orleans	528,691	528,691	
LSU in Shreveport	69,593	69,593	
LSU Medical Center	308,397	297,000	$11,397
Total	$8,156,118	$8,144,721	$11,397
Educational Plant - University of New Orleans	$413,656	$413,656	NONE

The LSU Medical Center's 1962 Building Revenue Bond agreement requires that, after all payments have been made to the Bond and Interest Sinking Fund Account, a sum of $20,000 per annum, or available portion thereof, be transferred to the Repair and Replacement Reserve Account until the reserve in that account totals $200,000. At June 30, 1998, the Repair and Replacement Reserve Account has a balance of $40,000. For the prior year ended June 30, 1997, the Repair and Replacement Reserve Account had a balance of $20,000. According to the terms of the 1962 Building Revenue Bonds agreement, the reserves can be used for repairs, renewals and replacements, and renovations that are not paid as part of the ordinary and normal operating expenses.

12. DUE TO STATE TREASURY

As shown on Statement A, the General Fund has a total of $86,267,406 due to the state treasury at June 30, 1998. This amount consists of $86,192,755 of prior year unreserved - undesignated fund balance (note 18), $8,974 of unexpended appropriation, $49,395 of petty cash advances, and $16,282 refund of prior year expenditures.

13. RESERVATIONS OF FUND BALANCES

Reservations of fund balances at June 30, 1998, as shown on Statement A, are summarized as follows:

	Reserved for		Bond	
	Encumbrances	Inventories	Indentures	Total
Current Funds:				
General		$34,269,170		$34,269,170
Auxiliary Enterprises	$2,760,470			2,760,470
Restricted	21,399,055	28,542		21,427,597
Plant Funds:				
Unexpended	1,854,506			1,854,506
Renewals and Replacements	43,641			43,641
Retirement of Indebtedness			$8,609,774	8,609,774
Total	$26,057,672	$34,297,712	$8,609,774	$68,965,158

LSU Board of Supervisors and System Administration, Pennington Biomedical Research Center, LSU and A&M College - Baton Rouge, LSU at Alexandria, LSU at Eunice, Paul M. Hebert Law Center, and LSU Agricultural Center have reserved fund balances of $2,444,588 in the Restricted Fund for encumbrances outstanding at June 30, 1998. Additional encumbrances of Pennington Biomedical Research Center, LSU A&M College - Baton Rouge, LSU at Alexandria, LSU at Eunice, and LSU Agricultural Center totaling $5,581,899 were outstanding at year-end for restricted state and federal grants and contracts. Under these agreements, reimbursement is provided by the grantor after expenditures occur and the related encumbrances are liquidated. A reservation of fund balances has not been established for such encumbrances.

14. FUND BALANCE - CURRENT OPERATIONS - UNRESTRICTED (DEFICIT)

As shown on Statement A, the university has a deficit of $17,825,869 in the General Fund at June 30, 1998. The deficit is the result of an overstatement of potential collections for June 30, 1998, for the Louisiana State University Medical Center - Health Care Services Division. Management plans to eliminate the deficit through a combination of reducing expenditures and increasing revenues.

15. PRIOR YEAR RESTATEMENT OF FUND BALANCES

As shown on Statement B, fund balance at the beginning of the year has been restated for prior period adjustments made during the year by the university system. The adjustments made to fund balance at the beginning of the year are summarized as follows:

	General Fund	Auxiliary Enterprises Fund	Restricted Funds	Student Loan Funds
Fund Balance at June 30, 1997, as previously reported	$11,300,461	$18,145,815	$170,646,878	$30,989,818
Adjustments:				
Addition of state hospital system -				
LSU Medical Center	160,595,322		5,652,362	41,866
Fixed assets:				
Transfer between campuses:				
Pennington Biomedical Research Center				
LSU and A&M College - Baton Rouge				
LSU Agricultural Center				
LSU Medical Center				
Additional improvements to plant facilities -				
Pennington Biomedical Research Center				
Overstatement of library books -				
LSU Medical Center				
Change in the reporting of investments:				
LSU and A&M College - Baton Rouge				
University of New Orleans			51,535	
LSU Medical Center		3,822	50,636	
Adjustment to accounts receivable -				
LSU at Shreveport			4,544	
Adjustment for renewals and replacements -				
LSU Medical Center		236,872		
Addition of Faculty Group Practice -				
LSU Medical Center			916,477	
Fund Balance at June 30, 1997, as restated	$171,895,783	$18,386,509	$177,322,432	$31,031,684

16. STUDENT LOAN FUNDS

The fund balances of the student loan funds at June 30, 1998, are as follows:

	Perkins Loan Fund	Health Professions	Miscellaneous Other Loans	Total
LSU and A&M College - Baton Rouge	$13,616,929	$52,129	$242,124	$13,911,182
LSU at Alexandria			7,785	7,785
LSU at Eunice	557,136		7,122	564,258
University of New Orleans	4,793,998		43,621	4,837,619
LSU in Shreveport			200	200
LSU Medical Center	3,723,703	8,408,131	646,385	12,778,219
Total	$22,691,766	$8,460,260	$947,237	$32,099,263

17. PLANT FUNDS

In August 1987, the Financial Accounting Standards Board (FASB) issued Statement No. 93, *Recognition of Depreciation by Not-for-Profit Organizations*, which requires not-for-profit organizations, including colleges and universities, to recognize depreciation of their long-lived

Endowment Funds	Unexpended Plant Fund	Renewals and Replacements Fund	Retirement of Indebtedness Fund	Investment in Plant Fund	Totals
$36,441,087	$74,558,872	$7,053,893	$9,667,317	$1,541,565,554	$1,900,369,695
6,481,157				344,178,832	516,949,539
				27,539,736	27,539,736
				(39,120,934)	(39,120,934)
				39,120,934	39,120,934
				(27,539,736)	(27,539,736)
				7,370,672	7,370,672
				(499,129)	(499,129)
3,045,219					3,045,219
359,253					410,788
183,571	41,082				279,111
					4,544
		(236,872)			
					916,477
$46,510,287	$74,599,954	$6,817,021	$9,667,317	$1,892,615,929	$2,428,846,916

tangible assets in their financial statements. In January 1988, the GASB issued Statement No. 8, which addresses the implementation of FASB Statement No. 93. Codification of Governmental Accounting and Financial Reporting Standards Section Co5.102 states that, "Colleges and universities that follow the AICPA Industry Audit Guide, *Audits of Colleges and Universities,* should not change their accounting and reporting for depreciation of capital assets as a result of FASB Statement No. 93; the GASB has several projects under way that may affect that reporting." As reflected in note 1-D, depreciation is not currently recognized by the university.

Physical plant facilities acquired before June 30, 1939, were valued based on estimated building costs. Subsequent additions to physical plant and equipment are stated at cost at the date of acquisition, estimated cost if actual cost is not known, fair market value at the date of donation in the case of gifts, or market value for livestock. Estimated costs of physical plant facilities constitute an immaterial portion of total value of plant facilities. A summary of investment in plant follows:

	LSU Board of Supervisors and System Administration	Pennington Biomedical Research Center	LSU and A&M College - Baton Rouge	LSU at Alexandria	LSU at Eunice
Land and improvements	$1,409,065	$2,760,964	$24,752,398	$2,280,081	$377,609
Buildings	7,378,822	32,410,264	391,387,123	11,893,134	17,362,957
Equipment	1,422,059	16,882,652	218,795,181	4,825,083	3,308,658
Library books	173,465		76,257,857	3,236,411	1,388,544
Livestock			101,963		
Total	$10,383,411	$52,053,880	$711,294,522	$22,234,709	$22,437,768

In accordance with R.S. 39:321-332, the Louisiana State University System, except for the Medical Center of Louisiana at New Orleans, has complied with the Louisiana movable property statutes.

18. INTERAGENCY TRANSFERS

As reported on Statement B, a transfer from the General Fund of $86,192,755 was made in accordance with Attorney General Opinion 98-502, dated January 11, 1999, by the Louisiana State University Medical Center - Health Care Services Division to the State Treasurer's Office to pay back a portion of unreserved - undesignated General Fund fund balance transferred in for the fiscal year ended June 30, 1997.

In addition, as reported on Statement B, transfers from the unexpended plant fund to the Office of Facility Planning and Control of $2,562,482 were made during the year to finance renovation or construction projects. The Louisiana State University Medical Center transferred $2,000,000 to finance a Life Safety Project at Earl K. Long Medical Center; $89,772 for the Medical School roof projects; $5,500 for the Women and Children's Clinic; $409,210 for building acquisitions; and $58,000 for land acquisition.

Paul M. Hebert Law Center	LSU Agricultural Center	University of New Orleans	LSU in Shreveport	LSU Medical Center	Total
	$3,499,109	$55,860,839	$3,663,619	$45,402,010	$140,005,694
$5,740,878	16,667,540	145,546,400	37,047,907	434,398,572	1,099,833,597
1,829,509	57,056,612	50,158,648	10,061,715	367,806,087	732,146,204
3,327,562		23,326,562	5,193,720	22,177,359	135,081,480
					101,963
$10,897,949	$77,223,261	$274,892,449	$55,966,961	$869,784,028	$2,107,168,938

19. AUXILIARY ENTERPRISES

The university maintains various auxiliary enterprise funds that provide services to the university community. Segment information for the year ended June 30, 1998, follows:

	Food Services	Housing	Bookstore
Net increase (decrease) in fund balances	$822,690	($341,895)	$870,259
Net income	229,758	2,104,198	993,653
Net assets	3,231,251	3,014,934	9,926,380
Outstanding principal and interest on debt	415,854	54,050,276	5,117,070
Annual principal and interest on debt	63,715	2,363,234	65,511

20. FOUNDATIONS

The accompanying financial statements do not include the accounts of the following foundations:

Louisiana State University System Foundation
LSU Property Foundation
Pennington Biomedical Research Foundation
Pennington Medical Foundation
Tiger Athletic Foundation - LSU and A&M College - Baton Rouge
LSU Alumni Association
LSU Alexandria Foundation
LSU Eunice Foundation
LSU Law Alumni Association
University of New Orleans Foundation
University of New Orleans Research and Technology Foundation
UNO Athletic Foundation
UNO Alumni Association
LSU in Shreveport Foundation
LSU Medical Center Shreveport Foundation
LSU Alumni in Shreveport Association
LSU Medical Center Shreveport Foundation
Louisiana State University Medical Center Foundation
LSU Medical School Alumni Association
LSU School of Dentistry Alumni Association
LSU School of Nursing Alumni Association
Biomedical Research Foundation of Northwest Louisiana

These foundations are separate corporations whose financial statements are subject to audit by independent certified public accountants.

Athletics	Student Center	Others	Total
$1,968,793	$420,206	($19,918)	$3,720,135
3,791,015	756,840	1,594,290	9,469,754
1,977,410	(682,526)	4,639,195	22,106,644
36,289,989	3,269,357	16,011,099	115,153,645
1,366,259	462,000	459,191	4,779,910

21. DEFERRED COMPENSATION PLAN

Certain employees of the university participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to this statewide plan are available in the financial statements of the State of Louisiana.

22. HEALTH CARE SERVICES DIVISION

Act 3 of the 1997 Regular Legislative Session transferred the public hospitals, their functions, funds, and employees from the Louisiana Health Care Authority to the LSU System. Act 3 provides for the operation of the public hospitals by the LSU Medical Center under the overall direction, supervision, and management of the LSU Board of Supervisors. This resulted in the creation of the LSU Medical Center Health Care Services Division, which is comprised of nine hospitals throughout the state and a central administrative unit located in Baton Rouge.

23. OTHER TRANSFERS

During the fiscal year ended June 30, 1998, the LSU Medical Center Health Care Services Division transferred $64,451,496 from the General Fund to the Restricted Fund. The transfer included $16,232,123 from fund equity of the fiscal year ended June 30, 1997, and $48,219,373 from over collections and surpluses of the fiscal year ended June 30, 1998. Act 3 of the 1997 Regular Legislative Session authorized these transfers to establish the restricted funds necessary for the division's operating expenses and reserves.

24. FACULTY GROUP PRACTICE

For the year ended June 30, 1998, the financial statements of the university system included the LSU School of Medicine in New Orleans Faculty Group Practice. The LSU School of Medicine in New Orleans Faculty Group Practice is a non-profit corporation doing business as the LSU Healthcare Network (LSUHN). The governing board of LSUHN was established in August 1995 and is comprised of 15 members, 7 of which are appointed by LSU and 8 of which are from the community and not members or employees of the LSU Board of Supervisors. LSUHN began operations in March 1997, providing health care to the general public and assisting the LSU Medical Center in carrying out its medical, educational, and research functions.

A cooperative endeavor agreement, dated November 1, 1995, documents the relationship between the LSU Medical Center and LSUHN. The agreement provides for the LSU Medical Center and LSUHN to continue as autonomous organizations, with separate but complimentary missions. The agreement establishes a relationship where the LSU Medical Center will lease certain faculty, staff, and specific office space and equipment to LSUHN as its part of the agreement. LSUHN will reimburse the LSU Medical Center for the use of its employees, facilities, and equipment; provide support to the academic programs; and provide access to a patient base that would not otherwise be available, as its part of the agreement.

25. YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in electronic data processing systems and other equipment that may adversely affect the LSU System's operations as early as fiscal year 1999. After LSU System campuses became aware of the Year 2000 issue, the assessment process of their computer systems and equipment began during the 1997 fiscal year. During the 1998 fiscal year, the university's activities consisted of continued assessment and remediation of the identified problems. The remediation and testing/validation process will continue during the 1999 fiscal year. These phases of Year 2000 compliance were performed by university staff. Management has committed $708,000 for external contractors to address the Year 2000 issue.

At the LSU and A&M campus, which serves all campuses other than the University of New Orleans (UNO), the LSU Medical Center, and LSU Shreveport, 10,465 programs were assessed and approximately 9.8% required remediation; approximately 90.2% of that remediation has been completed, requiring approximately 15,400 hours of labor. The UNO Campus has assessed 1,786 programs; determined that 26% required remediation; 96% of the remediation has been completed, requiring approximately 22,360 hours of labor. The LSU Medical Center has completed 80% of its assessment and found that approximately 5% of the equipment inspected required remediation or replacement. LSU Shreveport has assessed 8,000 programs, determined that 70% require remediation, and has invested approximately 8,300 hours of labor in remediation efforts to date.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. The LSU System cannot assure that all of its functions will be Year 2000 ready, that all of the LSU System's remediation efforts will be successful in whole or in part, or that parties with whom the LSU System does business will be Year 2000 ready.

26. SUBSEQUENT EVENTS

The Board of Supervisors of Louisiana State University Agricultural and Mechanical College issued $15,915,000 of Revenue and Refunding Bond (University of New Orleans Projects) Series 1998 dated August 15, 1998. The bond proceeds will be used to finance the construction of the Wellness Center, refund outstanding Series 1997-B Wellness Center Revenue Bonds, and pay certain expenses related to the issuance of the bonds. Revenues from the auxiliary enterprises are pledged to finance debt service.

The Tiger Athletic Foundation, a separate corporation created for or in behalf of the university's intercollegiate athletics program, issued long-term debt instruments for the expansion of Tiger Stadium. The project, expected to cost $55 million, will be completely financed by the Tiger Athletic Foundation through the sale of bonds through the Louisiana Public Facilities Authority and through a bank loan. The bonds will finance 75% of the cost of the project and the bank loan will finance the remaining balance. The university will lease the space to the Tiger Athletic Foundation for the stadium improvements, and in turn, lease the completed stadium

improvements from the Tiger Athletic Foundation in accordance with terms of a cooperative endeavor agreement. The stadium improvements will be owned by the Tiger Athletic Foundation, but upon payment of the bonds and expiration of the lease, the Tiger Athletic Foundation intends to donate the stadium improvements to the university. Revenues of the Tiger Athletic Foundation from the sale of ticket premiums related to the stadium improvements are pledged to finance the debt service.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 1998

The following supplemental information schedules present the Balance Sheets; Schedules of Changes in Fund Balances; and Schedules of Revenues, Expenditures, and Other Changes - Current Funds for the LSU Board of Supervisors and System Administration, the Pennington Biomedical Research Center, the LSU and A&M College - Baton Rouge Campus, the LSU at Alexandria Campus, the LSU at Eunice Campus, the Paul M. Hebert Law Center, the LSU Agricultural Center, the University of New Orleans Campus, the LSU in Shreveport Campus, and the LSU Medical Center.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU BOARD OF SUPERVISORS AND
SYSTEM ADMINISTRATION

Balance Sheet, All Funds, June 30, 1998

	CURRENT FUNDS		PLANT FUND - INVESTMENT	TOTAL (MEMORANDUM
	GENERAL	RESTRICTED	IN PLANT	ONLY)
ASSETS				
Cash and cash equivalents	$79,857	$541,389		$621,246
Accounts receivable	432,948			432,948
Deferred charges and prepaid expenses	3,276			3,276
Institutional plant			$10,383,411	10,383,411
TOTAL ASSETS	$516,081	$541,389	$10,383,411	$11,440,881
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	$236,417	$324		$236,741
Accrued liabilities	21,614	2,151		23,765
Due to state treasury	53			53
Deferred revenue	257,997			257,997
Total Liabilities	516,081	2,475	NONE	518,556
Fund Equity:				
Net investment in plant			$10,383,411	10,383,411
Fund balances:				
Reserved		4,397		4,397
Current operations - restricted		534,517		534,517
Total Fund Equity	NONE	538,914	10,383,411	10,922,325
TOTAL LIABILITIES AND FUND EQUITY	$516,081	$541,389	$10,383,411	$11,440,881

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU BOARD OF SUPERVISORS AND
SYSTEM ADMINISTRATION

Schedule of Changes in Fund Balances
For the Year Ended June 30, 1998

	CURRENT FUNDS		PLANT FUND - INVESTMENT	
	GENERAL	RESTRICTED	IN PLANT	TOTAL
Revenues and other additions:				
Unrestricted current fund revenues	$3,993,666			$3,993,666
Private gifts, grants, and contracts - restricted		$1,056		1,056
Investment income - restricted		22,992		22,992
Additions to plant facilities			$7,843,542	7,843,542
Other sources		99,725		99,725
Total revenues and other additions	3,993,666	123,773	7,843,542	11,960,981
Expenditures and other deductions:				
Educational and general	3,993,666	64,171		4,057,837
Disposal of plant facilities			63,994	63,994
Total expenditures and other deductions	3,993,666	64,171	63,994	4,121,831
Net increase for the year	NONE	59,602	7,779,548	7,839,150
Fund balances at beginning of year	NONE	479,312	2,603,863	3,083,175
Fund balances at end of year	NONE	$538,914	$10,383,411	$10,922,325

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU BOARD OF SUPERVISORS AND
SYSTEM ADMINISTRATION
CURRENT FUNDS

Schedule of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 1998

	GENERAL	RESTRICTED
Revenues:		
Tuition and fees	$3,881	
State appropriations	3,989,785	
Private gifts, grants, and contracts		$500
Other sources		63,671
Total revenues	3,993,666	64,171
Expenditures:		
Instruction	131,338	
Academic support	404,990	
Student services	252,336	
Institutional support	2,805,807	64,171
Operations and maintenance of plant	399,195	
Total expenditures	3,993,666	64,171
Other additions - excess of restricted receipts over transfers to revenues		59,602
Net increase in fund balances	NONE	$59,602

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
PENNINGTON BIOMEDICAL RESEARCH CENTER

Balance Sheet, All Funds, June 30, 1998

	CURRENT FUNDS		ENDOWMENT FUNDS	PLANT FUND - INVESTMENT IN PLANT	AGENCY FUNDS	TOTAL (MEMORANDUM ONLY)
	GENERAL	RESTRICTED				
ASSETS						
Cash and cash equivalents	$126,203	$4,266,408			$464	$4,393,075
Investments		25,409	$1,361,346			1,386,755
Accounts receivable	51,536	373,419				424,955
Deferred charges and prepaid expenses	2,406	4,973				7,379
Institutional plant				$52,053,880		52,053,880
TOTAL ASSETS	$180,145	$4,670,209	$1,361,346	$52,053,880	$464	$58,266,044
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable	$147,219	$12,502				$159,721
Accrued liabilities	32,926	60,894				93,820
Deposits held for others					$464	464
Total Liabilities	180,145	73,396	NONE	NONE	464	254,005
Fund Equity:						
Net investment in plant				$52,053,880		52,053,880
Fund balances:						
Reserved		82,708				82,708
Current operations - restricted		4,514,105				4,514,105
Noncurrent operations - endowment			$1,361,346			1,361,346
Total Fund Equity	NONE	4,596,813	1,361,346	52,053,880	NONE	58,012,039
TOTAL LIABILITIES AND FUND EQUITY	$180,145	$4,670,209	$1,361,346	$52,053,880	$464	$58,266,044

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
PENNINGTON BIOMEDICAL RESEARCH CENTER

Schedule of Changes in Fund Balances
For the Year Ended June 30, 1998

	CURRENT FUNDS		ENDOWMENT	PLANT FUND - INVESTMENT	
	GENERAL	RESTRICTED	FUNDS	IN PLANT	TOTAL
Revenues and other additions:					
Unrestricted current fund revenues	$5,971,280				$5,971,280
State and local grants and contracts - restricted		$136,001			136,001
Federal grants and contracts - restricted		9,726,209			9,726,209
Private gifts, grants, and contracts		2,343,508			2,343,508
Investment income - restricted		52,474			52,474
Sales and services		1,980			1,980
Endowment income		21,425	$22,255		43,680
Additions to plant facilities				$1,473,272	1,473,272
Other sources		1,756,783			1,756,783
Total revenues and other additions	5,971,280	14,038,380	22,255	1,473,272	21,505,187
Expenditures and other deductions:					
Educational and general	5,971,280	9,253,131			15,224,411
Indirect costs recovered		2,473,081			2,473,081
Disposal of plant facilities				429,344	429,344
Total expenditures and other deductions	5,971,280	11,726,212	NONE	429,344	18,126,836
Net increase for the year	NONE	2,312,168	22,255	1,043,928	3,378,351
Fund balances at beginning of year (restated)	NONE	2,284,645	1,339,091	51,009,952	54,633,688
Fund balances at end of year	NONE	$4,596,813	$1,361,346	$52,053,880	$58,012,039

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
PENNINGTON BIOMEDICAL RESEARCH CENTER
CURRENT FUNDS

Schedule of Revenues, Expenditures, and Other Changes
For the Year Ended June 30, 1998

	GENERAL	RESTRICTED
Revenues:		
State appropriations	$5,252,065	
Federal grants and contracts		$6,092,259
State grants and contracts		131,435
Private gifts, grants, and contracts		1,620,919
Sales and services of educational departments	13,665	5,000
Investment income		32,642
Other sources	705,550	1,370,876
Total revenues	5,971,280	9,253,131
Expenditures:		
Research	2,014,900	8,079,663
Public service		316,810
Academic support	897,941	306,437
Institutional support	1,277,650	522,270
Operations and maintenance of plant	1,780,789	11,801
Scholarships and fellowships		16,150
Total expenditures	5,971,280	9,253,131
Other additions excess of restricted receipts over transfers to revenues		4,785,249
Other		(2,473,081)
Net increase in fund balances	NONE	$2,312,168

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AND A&M COLLEGE - BATON ROUGE

Balance Sheet, All Funds, June 30, 1998

	CURRENT FUNDS			STUDENT LOAN FUNDS	ENDOWMENT FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED		
ASSETS					
Cash and cash equivalents	$10,957,483	$6,944,094	$15,563,783	$1,554,393	$4,933,873
Investments	24,200,000	1,124,213	2,140,859		23,284,865
Accrued interest	208,239	54,222	252,084		
Accounts receivable	6,849,315	4,029,644	15,062,684		
Due from state General Fund					
Notes receivable				12,501,579	
Due from other funds		2,690			
Due from other campuses	7,819				
Deferred charges and prepaid expenses	1,437,020	875,694	1,637,579		
Inventories	157,276	5,943,159			
Institutional plant					
Other assets					1,381,141
TOTAL ASSETS	$43,817,152	$18,973,716	$34,656,989	$14,055,972	$29,599,879
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	$5,456,576	$1,628,581	$134,230	$28,047	
Accrued liabilities	2,891,586	447,842	337,421		
Due to state treasury	8,521				
Due to other funds					
Due to other campuses	27,127,825				$2,104,059
Deposits held for others	963,819	693,419		116,743	
Deferred revenues	7,211,549	9,053,148	233,018		
Notes payable					
Contracts payable					
Bonds payable					
Total Liabilities	43,659,876	11,822,990	704,669	144,790	2,104,059
Fund Equity:					
Net investment in plant					
Fund balances:					
Reserved	157,276	1,799,259	1,909,318		
Current operations - restricted		5,351,467	32,043,002		
Noncurrent operations:					
Restricted				13,911,182	
Endowment					23,760,563
Term endowment					976,897
Quasi-endowment - restricted					2,758,360
Total Fund Equity	157,276	7,150,726	33,952,320	13,911,182	27,495,820
TOTAL LIABILITIES AND FUND EQUITY	$43,817,152	$18,973,716	$34,656,989	$14,055,972	$29,599,879

PLANT FUNDS					TOTAL
UNEXPENDED	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY FUNDS	(MEMORANDUM ONLY)
$10,148,574	$4,018,879	$95,993		$223,965	$54,441,037
20,738,725		6,436,646			77,925,308
3,255					517,800
73,710				4,216	26,019,569
		600,983			600,983
					12,501,579
					2,690
					7,819
					3,950,293
					6,100,435
			$711,294,522		711,294,522
					1,381,141
$30,964,264	$4,018,879	$7,133,622	$711,294,522	$228,181	$894,743,176
$58,535	$2,275				$7,308,244
					3,676,849
					8,521
		$2,690			2,690
					29,231,884
				$228,181	2,002,162
					16,497,715
			$28,790,056		28,790,056
			2,949,404		2,949,404
			67,309,000		67,309,000
58,535	2,275	2,690	99,048,460	228,181	157,776,525
			612,246,062		612,246,062
1,079,385	43,641	7,130,932			12,119,811
					37,394,469
29,826,344	3,972,963				47,710,489
					23,760,563
					976,897
					2,758,360
30,905,729	4,016,604	7,130,932	612,246,062	NONE	736,966,651
$30,964,264	$4,018,879	$7,133,622	$711,294,522	$228,181	$894,743,176

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AND A&M COLLEGE - BATON ROUGE

Schedule of Changes in Fund Balances
For the Year Ended June 30, 1998

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Revenues and other additions:				
Unrestricted current fund revenues	$238,021,262	$83,722,285		
Tuition and fees - restricted			$7,435,738	
State grants and contracts - restricted			22,996,986	
Federal grants and contracts - restricted			41,733,476	
Private gifts, grants, and contracts - restricted			13,668,839	
Investment income - restricted			1,218,149	$39,170
Interest on loans receivable				320,086
Sales and services			1,291,921	
State funded endowments				
Endowment income			1,394,818	
Additions to plant facilities				
Retirement of indebtedness				
Other sources			7,396,219	205,868
Total revenues and other additions	238,021,262	83,722,285	97,136,146	565,124
Expenditures and other deductions:				
Educational and general	237,327,526		81,140,260	
Auxiliary enterprises		72,474,745		
Indirect costs recovered			8,000,589	
Loan cancellations and write-offs				94,426
Expended for plant facilities				
Retirement of indebtedness				
Interest on indebtedness				
Disposal of plant facilities				
Other		1,788,026		22,443
Total expenditures and other deductions	237,327,526	74,262,771	89,140,849	116,869
Transfers among funds - additions (deductions):				
Mandatory:				
Principal and interest		(2,481,644)	(2,801,074)	
Loan fund matching grants	(53,570)			53,570
Nonmandatory:				
Capital improvements	(640,166)	(3,851,581)	(3,080,171)	
Renewals and replacements		(1,463,664)		
Other		742,725	227,751	
Total transfers among funds	(693,736)	(7,054,164)	(5,653,494)	53,570
Inventory increase	4,897	NONE	NONE	NONE
Net increase (decrease) for the year	4,897	2,405,350	2,341,803	501,825
Fund balances at beginning of year (restated)	152,379	4,745,376	31,610,517	13,409,357
Fund balances at end of year	$157,276	$7,150,726	$33,952,320	$13,911,182

ENDOWMENT FUNDS	PLANT FUNDS: UNEXPENDED	PLANT FUNDS: RENEWALS AND REPLACEMENTS	PLANT FUNDS: RETIREMENT OF INDEBTEDNESS	PLANT FUNDS: INVESTMENT IN PLANT	TOTAL
					$321,743,547
					7,435,738
					22,996,986
					41,733,476
$1,100					13,669,939
	$1,526,791		$217,036		3,001,146
					320,086
					1,291,921
4,840,000					4,840,000
1,055,298					2,450,116
				$46,606,747	46,606,747
				3,222,586	3,222,586
244,973	5,692,561		693,267	1,946,434	16,179,322
6,141,371	7,219,352	NONE	910,303	51,775,767	485,491,610
					318,467,786
					72,474,745
					8,000,589
					94,426
	18,604,501				18,604,501
			3,222,586		3,222,586
			4,382,174		4,382,174
				8,138,466	8,138,466
		$819,782		11,485,048	14,115,299
NONE	18,604,501	819,782	7,604,760	19,623,514	447,500,572
			5,282,718		
	7,568,601	3,317			
		1,463,664			
1,000	(396,526)	(971,476)	396,526		
1,000	7,172,075	495,505	5,679,244	NONE	NONE
NONE	NONE	NONE	NONE	NONE	4,897
6,142,371	(4,213,074)	(324,277)	(1,015,213)	32,152,253	37,995,935
21,353,449	35,118,803	4,340,881	8,146,145	580,093,809	698,970,716
$27,495,820	$30,905,729	$4,016,604	$7,130,932	$612,246,062	$736,966,651

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AND A&M COLLEGE - BATON ROUGE
CURRENT FUNDS

Schedule of Revenues, Expenditures, and Other Changes
For the Year Ended June 30, 1998

	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	$83,057,806		$7,392,429
State appropriations	137,316,364		
Federal grants and contracts			36,194,277
State grants and contracts			19,561,206
Private gifts, grants, and contracts			12,086,956
Sales and services of educational departments	6,374,769		1,245,615
Sales and services of auxiliary departments		$83,722,285	
Endowment income			835,396
Investment income	2,040,899		1,069,485
Other sources	9,231,424		8,637,141
Total revenues	238,021,262	83,722,285	87,022,505
Expenditures and transfers:			
Educational and general:			
Instruction	109,446,300		16,865,857
Research	27,565,374		35,203,565
Public service	2,142,603		8,922,304
Academic support	32,314,086		1,896,012
Student services	5,705,464		2,016,652
Institutional support	22,109,699		2,626,616
Operations and maintenance of plant	22,504,320		850,224
Scholarships and fellowships	15,539,680		12,759,030
Total educational and general expenditures	237,327,526	NONE	81,140,260
Mandatory transfers for:			
Principal and interest		2,481,644	2,801,074
Loan fund matching grants	53,570		
Nonmandatory transfers for:			
Capital improvements	640,166	3,851,581	3,080,171
Renewals and replacements		1,463,664	
Other		(742,725)	(227,751)
Auxiliary enterprises expenditures		72,474,745	
Total expenditures and transfers	238,021,262	79,528,909	86,793,754
Other additions (deductions):			
Excess of restricted receipts over transfers to revenues			10,113,641
Inventory increase	4,897		
Other		(1,788,026)	(8,000,589)
Net increase in fund balances	$4,897	$2,405,350	$2,341,803

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AT ALEXANDRIA

Balance Sheet, All Funds, June 30, 1998

	CURRENT FUNDS			STUDENT LOAN FUNDS	ENDOWMENT FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED		
ASSETS					
Cash and cash equivalents	$299,527	$1,883,651	$664,770	$7,785	$15,218
Investments			4,367		257,286
Accounts receivable	164,534	21,394	163,117		
Due from state General Fund					
Deferred charges and prepaid expenses	5,850				
Inventories		228,461			
Institutional plant					
TOTAL ASSETS	$469,911	$2,133,506	$832,254	$7,785	$272,504
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	$62,240	$5,467			
Accrued liabilities	162,212	5,053	$4,014		
Deposits held for others					
Deferred revenues	245,459	26,012	23,141		
Contracts payable					
Total Liabilities	469,911	36,532	27,155	NONE	NONE
Fund Equity:					
Net investment in plant					
Fund balances:					
Reserved		67,761	66,817		
Current operations - restricted		2,029,213	738,282		
Noncurrent operations:					
Restricted				$7,785	
Endowment					$257,286
Quasi-endowment - restricted					15,218
Total Fund Equity	NONE	2,096,974	805,099	7,785	272,504
TOTAL LIABILITIES AND FUND EQUITY	$469,911	$2,133,506	$832,254	$7,785	$272,504

PLANT FUNDS					TOTAL
UNEXPENDED	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY FUNDS	(MEMORANDUM ONLY)
$52,096	$154,989			$15,065	$3,093,101
					261,653
					349,045
		$111,859			111,859
					5,850
					228,461
			$22,234,709		22,234,709
$52,096	$154,989	$111,859	$22,234,709	$15,065	$26,284,678
					$67,707
					171,279
				$15,065	15,065
					294,612
			$556,429		556,429
NONE	NONE	NONE	556,429	15,065	1,105,092
			21,678,280		21,678,280
$1,084		$111,859			247,521
					2,767,495
51,012	$154,989				213,786
					257,286
					15,218
52,096	154,989	111,859	21,678,280	NONE	25,179,586
$52,096	$154,989	$111,859	$22,234,709	$15,065	$26,284,678

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AT ALEXANDRIA

Schedule of Changes in Fund Balances
For the Year Ended June 30, 1998

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Revenues and other additions:				
Unrestricted current fund revenues	$7,716,572	$1,518,548		
Tuition and fees - restricted			$169,551	
State grants and contracts - restricted			417,453	
Federal grants and contracts - restricted			1,649,596	
Private gifts, grants, and contracts - restricted			745,195	
Investment income - restricted				$211
Sales and services			1,641	
State funded endowments				
Endowment income			2,495	
Additions to plant facilities				
Retirement of indebtedness				
Other sources		19,493	7,450	
Total revenues and other additions	7,716,572	1,538,041	2,993,381	211
Expenditures and other deductions:				
Educational and general	7,716,572		2,538,234	
Auxiliary enterprises		1,163,675		
Indirect costs recovered			73,958	
Expended for plant facilities				
Retirement of indebtedness				
Interest on indebtedness				
Disposal of plant facilities				
Other		27,920		
Total expenditures and other deductions	7,716,572	1,191,595	2,612,192	NONE
Transfers among funds - additions (deductions):				
Mandatory - principal and interest		(115,050)		
Nonmandatory:				
Capital improvements		(7,056)		
Renewals and replacements		(18,372)		
Total transfers among funds	NONE	(140,478)	NONE	NONE
Net increase (decrease) for the year	NONE	205,968	381,189	211
Fund balances at beginning of year	NONE	1,891,006	423,910	7,574
Fund balances at end of year	NONE	$2,096,974	$805,099	$7,785

ENDOWMENT FUNDS	PLANT FUNDS: UNEXPENDED	PLANT FUNDS: RENEWALS AND REPLACEMENTS	PLANT FUNDS: RETIREMENT OF INDEBTEDNESS	PLANT FUNDS: INVESTMENT IN PLANT	TOTAL
					$9,235,120
					169,551
					417,453
					1,649,596
					745,195
					211
					1,641
$40,000					40,000
9,632					12,127
				$804,266	804,266
				80,429	80,429
					26,943
49,632	NONE	NONE	NONE	884,695	13,182,532
					10,254,806
					1,163,675
					73,958
	$17,038				17,038
			$80,429		80,429
			34,621		34,621
				410,459	410,459
		$555			28,475
NONE	17,038	555	115,050	410,459	12,063,461
			115,050		
	7,056				
		18,372			
NONE	7,056	18,372	115,050	NONE	NONE
49,632	(9,982)	17,817	NONE	474,236	1,119,071
222,872	62,078	137,172	111,859	21,204,044	24,060,515
$272,504	$52,096	$154,989	$111,859	$21,678,280	$25,179,586

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AT ALEXANDRIA
CURRENT FUNDS

Schedule of Revenues, Expenditures, and Other Changes
For the Year Ended June 30, 1998

	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	$2,214,427		$113,821
State appropriations	5,274,054		
Federal grants and contracts			1,640,084
State grants and contracts			256,320
Private gifts, grants, and contracts			518,795
Sales and services of educational departments	21,231		
Sales and services of auxiliary departments		$1,518,548	
Endowment income			7,562
Investment income	27,924		
Other sources	178,936		1,652
Total revenues	7,716,572	1,518,548	2,538,234
Expenditures and transfers:			
Educational and general:			
Instruction	4,172,328		756,381
Public service			13,979
Academic support	464,660		16,839
Student services	609,001		84,355
Institutional support	1,338,984		23,579
Operations and maintenance of plant	1,058,533		2,117
Scholarships and fellowships	73,066		1,640,984
Total educational and general expenditures	7,716,572	NONE	2,538,234
Mandatory transfers - principal and interest		115,050	
Nonmandatory transfers for:			
Capital improvements		7,056	
Renewals and replacements		18,372	
Auxiliary enterprises expenditures		1,163,675	
Total expenditures and transfers	7,716,572	1,304,153	2,538,234
Other additions (deductions):			
Excess of restricted receipts over transfers to revenues			455,147
Other		(8,427)	(73,958)
Net increase in fund balances	NONE	$205,968	$381,189

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AT EUNICE

Balance Sheet, All Funds, June 30, 1998

	CURRENT FUNDS			STUDENT LOAN FUNDS	ENDOWMENT FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED		
ASSETS					
Cash and cash equivalents	$423,817	$1,475,081	$231,292	$73,613	$11,105
Investments			11,961		130,311
Accounts receivable	49,050	9,809	455,245		
Notes receivable				490,645	
Inventories		270,364			
Deferred charges and prepaid expenses		3,851	1,000		
Institutional plant					
TOTAL ASSETS	$472,867	$1,759,105	$699,498	$564,258	$141,416
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	$55,954	$6,695	$576		
Accrued liabilities	144,296	4,032	13,780		
Deposits held for others	1,200				
Deferred revenues	271,417	26,263	20,751		
Bonds payable					
Total Liabilities	472,867	36,990	35,107	NONE	NONE
Fund Equity:					
Net investment in plant					
Fund balances:					
Reserved		4,838	71,450		
Current operations - restricted		1,717,277	592,941		
Noncurrent operations:					
Restricted				$564,258	
Endowment					$141,416
Total Fund Equity	NONE	1,722,115	664,391	564,258	141,416
TOTAL LIABILITIES AND FUND EQUITY	$472,867	$1,759,105	$699,498	$564,258	$141,416

PLANT FUNDS					
UNEXPENDED	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY FUNDS	TOTAL (MEMORANDUM ONLY)
$1,792	$165,529			$2,231	$2,384,460
1,543,118		$6,646			1,692,036
					514,104
					400,645
					270,364
					4,851
			$22,437,768		22,437,768
$1,544,910	$165,529	$6,646	$22,437,768	$2,231	$27,794,228
					$63,225
					162,108
				$2,231	3,431
					318,431
			$1,650,000		1,650,000
NONE	NONE	NONE	1,650,000	2,231	2,197,195
			$20,787,768		20,787,768
		$6,646			82,934
					2,310,218
$1,544,910	$165,529				2,274,697
					141,416
1,544,910	165,529	6,646	20,787,768	NONE	25,597,033
$1,544,910	$165,529	$6,646	$22,437,768	$2,231	$27,794,228

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AT EUNICE

Schedule of Changes in Fund Balances
For the Year Ended June 30, 1998

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Revenues and other additions:				
Unrestricted current fund revenues	$7,026,860	$1,329,323		
Tuition and fees - restricted			$222,382	
State grants and contracts - restricted			774,170	
Federal grants and contracts - restricted			3,031,891	
Private gifts, grants, and contracts - restricted			80,265	
Sales and services			5,081	
Investment income - restricted				$1,312
Interest on loans receivable				7,019
Endowment income			981	
Additions to plant facilities				
Other sources			50,837	49,110
Total revenues and other additions	7,026,860	1,329,323	4,165,607	57,441
Expenditures and other deductions:				
Educational and general	7,014,053		3,926,305	
Auxiliary enterprises		972,345		
Indirect costs recovered			66,102	
Loan cancellations and write-offs				7,566
Expended for plant facilities				
Disposal of plant facilities				
Other		9,927		16,657
Total expenditures and other deductions	7,014,053	982,272	3,992,407	24,223
Transfers among funds - additions (deductions):				
Mandatory - loan fund matching	(12,807)			12,807
Nonmandatory - renewals and replacements		(13,248)		
Total transfers among funds	(12,807)	(13,248)	NONE	12,807
Net increase (decrease) for the year	NONE	333,803	173,200	46,025
Fund balances at beginning of year	NONE	1,388,312	491,191	518,233
Fund balances at end of year	NONE	$1,722,115	$664,391	$564,258

Schedule 14

ENDOWMENT FUNDS	PLANT FUNDS: UNEXPENDED	PLANT FUNDS: RENEWALS AND REPLACEMENTS	PLANT FUNDS: RETIREMENT OF INDEBTEDNESS	PLANT FUNDS: INVESTMENT IN PLANT	TOTAL
					$8,356,183
					222,382
					774,170
					3,031,891
					80,265
					5,081
					1,312
					7,019
$4,030					5,011
				$1,438,043	1,438,043
	$1,543,118		$6,646		1,649,711
4,030	1,543,118	NONE	6,646	1,438,043	15,571,068
					10,940,358
					972,345
					66,102
					7,566
	18,251				18,251
				1,779,645	1,779,645
		$1,595			28,179
NONE	18,251	1,595	NONE	1,779,645	13,812,446
		13,248			
NONE	NONE	13,248	NONE	NONE	NONE
4,030	1,524,867	11,653	6,646	(341,602)	1,758,622
137,386	20,043	153,876	NONE	21,129,370	23,838,411
$141,416	$1,544,910	$165,529	$6,646	$20,787,768	$25,597,033

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AT EUNICE
CURRENT FUNDS

Schedule of Revenues, Expenditures, and Other Changes
For the Year Ended June 30, 1998

	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	$2,193,823		$130,835
State appropriations	4,737,988		
Federal grants and contracts			2,972,165
State grants and contracts			684,488
Private gifts, grants, and contracts			131,290
Sales and services of educational departments			2,581
Sales and services of auxiliary departments		$1,329,323	
Endowment income			4,946
Other sources	95,049		
Total revenues	7,026,860	1,329,323	3,926,305
Expenditures and transfers:			
Educational and general:			
Instruction	4,029,399		614,017
Academic support	404,509		13,331
Student services	615,262		808,966
Institutional support	1,024,907		27,108
Operations and maintenance of plant	893,407		34,240
Scholarships and fellowships	46,569		2,428,643
Total educational and general expenditures	7,014,053	NONE	3,926,305
Mandatory transfers - loan fund matching grants	12,807		
Nonmandatory transfers - renewals and replacements		13,248	
Auxiliary enterprises expenditures		972,345	
Total expenditures and transfers	7,026,860	985,593	3,926,305
Other additions (deductions):			
Excess of restricted receipts over transfers to revenues			239,302
Other		(9,927)	(66,102)
Net increase in fund balances	NONE	$333,803	$173,200

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
PAUL M. HEBERT LAW CENTER

Balance Sheet, All Funds, June 30, 1998

	CURRENT FUNDS		ENDOWMENT FUNDS	PLANT FUND - INVESTMENT IN PLANT	AGENCY FUNDS	TOTAL (MEMORANDUM ONLY)
	GENERAL	RESTRICTED				
ASSETS						
Cash and cash equivalents	$574,971	$744,300	$79,861		$749	$1,399,881
Investments		15,316	568,585			583,901
Accounts receivable	20,376	1,867			33	22,276
Deferred charges and prepaid expenses	70,640	9,116				79,756
Institutional plant				$10,897,949		10,897,949
TOTAL ASSETS	$665,987	$770,599	$648,446	$10,897,949	$782	$12,983,763
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable	$109,118	$976				$110,094
Accrued liabilities	92,921	6,267				99,188
Deposits held for others	150,600				$782	151,382
Deferred revenues	313,348	6,445				319,793
Total Liabilities	665,987	13,688	NONE	NONE	782	680,457
Fund Equity:						
Net investment in plant				$10,897,949		10,897,949
Fund balances:						
Reserved		31,874				31,874
Current operations - restricted		725,037				725,037
Noncurrent operations:						
Endowment			$647,944			647,944
Quasi-endowment - restricted			502			502
Total Fund Equity	NONE	756,911	648,446	10,897,949	NONE	12,303,306
TOTAL LIABILITIES AND FUND EQUITY	$665,987	$770,599	$648,446	$10,897,949	$782	$12,983,763

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
PAUL M. HEBERT LAW CENTER

Schedule of Changes in Fund Balances
For the Year Ended June 30, 1998

	CURRENT FUNDS		ENDOWMENT	PLANT FUND - INVESTMENT	
	GENERAL	RESTRICTED	FUNDS	IN PLANT	TOTAL
Revenues and other additions:					
Unrestricted current fund revenues	$8,824,146				$8,824,146
Tuition and fees - restricted		$73,376			73,376
State grants and contracts - restricted		843			843
Federal grants and contracts - restricted		2,263			2,263
Private gifts, grants, and contracts - restricted		228,534			228,534
Sales and services		189,581			189,581
Investment income - restricted		37,830			37,830
State funded endowments			$160,000		160,000
Endowment income		5,811	22,048		27,859
Additions to plant facilities				$563,561	563,561
Total revenues and other additions	8,824,146	538,238	182,048	563,561	10,107,993
Expenditures and other deductions:					
Educational and general	8,824,146	549,816			9,373,962
Disposal of plant facilities				283,220	283,220
Total expenditures and other deductions	8,824,146	549,816	NONE	283,220	9,657,182
Net increase (decrease) for the year	NONE	(11,578)	182,048	280,341	450,811
Fund balances at beginning of year	NONE	768,489	466,398	10,617,608	11,852,495
Fund balances at end of year	NONE	$756,911	$648,446	$10,897,949	$12,303,306

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
PAUL M. HEBERT LAW CENTER
CURRENT FUNDS

Schedule of Revenues, Expenditures, and Other Changes
For the Year Ended June 30, 1998

	GENERAL	RESTRICTED
Revenues:		
Tuition and fees	$3,549,033	$57,718
State appropriations	5,170,729	66,772
Federal grants and contracts		2,263
State grants and contracts		843
Private gifts, grants, and contracts		228,534
Sales and services of educational departments	53,621	182,366
Investment income	48,578	
Endowment income		11,320
Other sources	2,185	
Total revenues	8,824,146	549,816
Expenditures and transfers - educational and general:		
Instruction	4,250,406	174,065
Research	449,919	843
Public service	7,641	7,919
Academic support	1,615,327	67,120
Student services	318,294	57,719
Institutional support	850,492	146,950
Operations and maintenance of plant	862,215	
Scholarships and fellowships	469,852	95,200
Total educational and general expenditures	8,824,146	549,816
Other deductions - deficiency of restricted receipts over transfers to revenues		(11,578)
Net increase (decrease) in fund balances	NONE	($11,578)

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AGRICULTURAL CENTER

Balance Sheet, All Funds, June 30, 1998

	CURRENT FUNDS		ENDOWMENT
	GENERAL	RESTRICTED	FUNDS
ASSETS			
Cash and cash equivalents	$761,213	$5,788,452	
Investments		20,198	$515,832
Accounts receivable	94,471	3,502,644	
Deferred charges and prepaid expenses	5,431	49,507	
Inventories	3,100,386		
Institutional plant			
TOTAL ASSETS	$3,961,501	$9,360,801	$515,832
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	$276,072	$2,401	
Accrued liabilities	561,841	175,859	
Due to state treasury	12,052		
Deposits held for others	2,081		
Deferred revenues	9,069		
Total Liabilities	861,115	178,260	NONE
Fund Equity:			
Net investment in plant			
Fund balances:			
Reserved	3,100,386	278,024	
Current operations - restricted		8,904,517	
Noncurrent operations:			
Restricted			
Endowment			$515,832
Total Fund Equity	3,100,386	9,182,541	515,832
TOTAL LIABILITIES AND FUND EQUITY	$3,961,501	$9,360,801	$515,832

PLANT FUNDS			
UNEXPENDED	INVESTMENT IN PLANT	AGENCY FUNDS	TOTAL (MEMORANDUM ONLY)
$2,831,915		$13,059	$9,394,639
			536,030
			3,597,115
			54,938
			3,100,386
	$77,223,261		77,223,261
$2,831,915	$77,223,261	$13,059	$93,906,369
$2,054			$280,527
			737,700
			12,052
		$13,059	15,140
			9,069
2,054	NONE	13,059	1,054,488
	$77,223,261		77,223,261
141,343			3,519,753
			8,904,517
2,688,518			2,688,518
			515,832
2,829,861	77,223,261	NONE	92,851,881
$2,831,915	$77,223,261	$13,059	$93,906,369

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AGRICULTURAL CENTER

Schedule of Changes in Fund Balances
For the Year Ended June 30, 1998

	CURRENT FUNDS		ENDOWMENT
	GENERAL	RESTRICTED	FUNDS
Revenues and other additions:			
Unrestricted current fund revenues	$75,135,842		
Federal appropriations - restricted		$11,505	
State grants and contracts - restricted		5,626,684	
Federal grants and contracts - restricted		3,240,170	
Private gifts, grants, and contracts - restricted		5,019,352	
Investment income - restricted		278,057	
Sales and services		538,566	
State funded endowments			$40,000
Endowment income		(683)	19,366
Additions to plant facilities			
Other sources		494,062	
Total revenues and other additions	75,135,842	15,207,713	59,366
Expenditures and other deductions:			
Educational and general	75,135,842	13,518,863	
Indirect costs recovered		443,115	
Expended for plant facilities			
Disposal of plant facilities			
Total expenditures and other deductions	75,135,842	13,961,978	NONE
Inventory decrease	(97,733)	NONE	NONE
Net increase (decrease) for the year	(97,733)	1,245,735	59,366
Fund balances at beginning of year (restated)	3,198,119	7,936,806	456,466
Fund balances at end of year	$3,100,386	$9,182,541	$515,832

78

PLANT FUNDS		
UNEXPENDED	INVESTMENT IN PLANT	TOTAL
		$75,135,842
		11,505
		5,626,684
		3,240,170
		5,019,352
$118,512		396,569
		538,566
		40,000
		18,683
	$3,967,037	3,967,037
669,133		1,163,195
787,645	3,967,037	95,157,603
		88,654,705
		443,115
1,306,999		1,306,999
	2,159,929	2,159,929
1,306,999	2,159,929	92,564,748
NONE	NONE	(97,733)
(519,354)	1,807,108	2,495,122
3,349,215	75,416,153	90,356,759
$2,829,861	$77,223,261	$92,851,881

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AGRICULTURAL CENTER
CURRENT FUNDS

Schedule of Revenues, Expenditures, and Other Changes
For the Year Ended June 30, 1998

	GENERAL	RESTRICTED
Revenues:		
Federal appropriations	$9,712,130	
State appropriations	60,616,597	
Federal grants and contracts		$3,075,584
State grants and contracts		4,807,599
Private gifts, grants, and contracts		4,554,591
Sales and services of educational departments	4,009,064	614,972
Investment income	125,375	157,913
Endowment income		4,455
Other sources	672,676	303,749
Total revenues	75,135,842	13,518,863
Expenditures and transfers - educational and general:		
Research	38,193,452	9,861,026
Public service	29,350,135	3,480,888
Academic support	213,792	
Institutional support	5,069,819	138,930
Operations and maintenance of plant	2,308,644	
Scholarships and fellowships		38,019
Total educational and general expenditures	75,135,842	13,518,863
Other additions (deductions):		
Excess of restricted receipts over transfers to revenues		1,688,850
Inventory decrease	(97,733)	
Other		(443,115)
Net increase (decrease) in fund balances	($97,733)	$1,245,735

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
UNIVERSITY OF NEW ORLEANS

Balance Sheet, All Funds, June 30, 1998

	CURRENT FUNDS			STUDENT LOAN FUNDS	ENDOWMENT FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED		
ASSETS					
Cash and cash equivalents	$5,129,529	$1,743,252		$182,736	$849,495
Investments			$869,132		5,936,234
Accrued interest	2,963		5,269		
Accounts receivable	2,268,167	954,929	8,618,074		
Notes receivable				4,654,883	
Due from other funds		2,289,197			
Deferred charges and prepaid expenses	664,037	16,619	127,276		
Inventories	288,483	727,478	28,542		
Institutional plant					
TOTAL ASSETS	$8,353,179	$5,731,475	$9,648,293	$4,837,619	$6,785,729
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	$2,211,372	$281,914	$914,699		
Accrued liabilities	1,569,087	59,060	276,880		
Deposits held for others	113,115	78,385			
Due to other funds			2,289,197		
Due to other campuses			7,819		
Deferred revenues	4,171,122	170,668	276,097		
Notes payable					
Bonds payable					
Total Liabilities	8,064,696	590,027	3,764,692	NONE	NONE
Fund Equity:					
Net investment in plant					
Fund balances:					
Reserved	288,483	130,455	1,774,651		
Current operations - restricted		5,010,993	4,108,950		
Noncurrent operations:					
Restricted				$4,837,619	
Endowment					$6,785,729
Total Fund Equity	288,483	5,141,448	5,883,601	4,837,619	6,785,729
TOTAL LIABILITIES AND FUND EQUITY	$8,353,179	$5,731,475	$9,648,293	$4,837,619	$6,785,729

81

PLANT FUNDS					
UNEXPENDED	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY FUNDS	TOTAL
$250,865	$52,452			$305,824	$8,514,153
6,511,283		$942,347			14,258,996
8,139					16,371
				879	11,842,049
					4,654,883
					2,289,197
					807,932
					1,044,503
			$274,892,449		274,892,449
$6,770,287	$52,452	$942,347	$274,892,449	$306,703	$318,320,533
				$89	$3,408,074
					1,905,027
				306,614	498,114
					2,289,197
					7,819
					4,617,887
			$1,878,496		1,878,496
			10,940,000		10,940,000
NONE	NONE	NONE	12,818,496	306,703	25,544,614
			262,073,953		262,073,953
		$942,347			3,135,936
					9,119,943
$6,770,287	$52,452				11,660,358
					6,785,729
6,770,287	52,452	942,347	262,073,953	NONE	292,775,919
$6,770,287	$52,452	$942,347	$274,892,449	$306,703	$318,320,533

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
UNIVERSITY OF NEW ORLEANS
ALL FUNDS

Schedule of Changes in Fund Balances
For the Year Ended June 30, 1998

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Revenues and other additions:				
Unrestricted current fund revenues	$82,747,849	$11,058,567		
Tuition and fees - restricted			$6,284,008	
State grants and contracts - restricted			6,715,838	
Federal grants and contracts - restricted			23,866,691	$100,415
Local grants and contracts - restricted			901,982	
Private gifts, grants, and contracts - restricted			5,346,433	
State funded endowments				
Investment income - restricted			101,212	
Endowment income			550,282	
Interest on loans receivable				61,915
Additions to plant facilities				
Retirement of indebtedness				
Other sources			3,325,687	38,603
Total revenues and other additions	82,747,849	11,058,567	47,092,133	200,933
Expenditures and other deductions:				
Educational and general	82,714,411		42,204,014	
Auxiliary enterprises		9,743,749		
Indirect costs recovered			3,282,482	
Loan cancellations and write-offs				37,059
Expended for plant facilities				
Retirement of indebtedness				
Interest on indebtedness				
Disposal of plant facilities				
Other				57,549
Total expenditures and other deductions	82,714,411	9,743,749	45,486,496	94,608
Transfers among funds - additions (deductions):				
Mandatory:				
Principal and interest		(468,798)	(517,110)	
Loan fund matching	(33,438)			33,438
Nonmandatory:				
Capital improvements		(636,890)	(273,305)	
Renewals and replacements		(46,407)		
Other				
Total transfers among funds	(33,438)	(1,152,095)	(790,415)	33,438
Inventory increase (decrease)	21,883	NONE	(1,153)	NONE
Net increase (decrease) for the year	21,883	162,723	814,069	139,763
Fund balances at beginning of year (restated)	266,600	4,978,725	5,069,532	4,697,856
Fund balances at end of year	$288,483	$5,141,448	$5,883,601	$4,837,619

ENDOWMENT FUNDS	PLANT FUNDS: UNEXPENDED	PLANT FUNDS: RENEWALS AND REPLACEMENTS	PLANT FUNDS: RETIREMENT OF INDEBTEDNESS	PLANT FUNDS: INVESTMENT IN PLANT	TOTAL
					$93,806,416
					6,284,008
					6,715,838
			$29,723		23,996,829
					901,982
$2,500					5,348,933
1,240,000					1,240,000
	$383,159		66,234		550,605
530,164					1,080,446
					61,915
				$14,081,903	14,081,903
				405,241	405,241
	990		1,357	309,784	3,676,421
1,772,664	384,149	NONE	97,314	14,796,928	158,150,537
					124,918,425
					9,743,749
					3,282,482
					37,059
	853,453				853,453
			405,241		405,241
			741,295		741,295
				3,964,374	3,964,374
		$197,326			254,875
NONE	853,453	197,326	1,146,536	3,964,374	144,200,953
			985,908		
	765,064	145,131			
		46,407			
	17,059		(17,059)		
NONE	782,123	191,538	968,849	NONE	NONE
NONE	NONE	NONE	NONE	NONE	20,730
1,772,664	312,819	(5,788)	(80,373)	10,832,554	13,970,314
5,013,065	6,457,468	58,240	1,022,720	251,241,399	278,805,605
$6,785,729	$6,770,287	$52,452	$942,347	$262,073,953	$292,775,919

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
UNIVERSITY OF NEW ORLEANS
CURRENT FUNDS

Schedule of Revenues, Expenditures, and Other Changes
For the Year Ended June 30, 1998

	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	$38,399,185		$5,722,788
State appropriations	40,568,114		
Federal grants and contracts			21,482,682
State grants and contracts			6,547,196
Local grants and contracts			827,391
Private gifts, grants, and contracts			5,065,340
Sales and services of educational departments	309,575		
Sales and services of auxiliary departments		$11,058,567	
Endowment income			258,978
Investment income	406,143		100,648
Other sources	3,064,832		2,989,406
Total revenues	82,747,849	11,058,567	42,994,429
Expenditures and transfers:			
Educational and general:			
Instruction	43,445,145		8,164,810
Research	1,293,549		17,313,180
Public service	1,941,598		3,966,709
Academic support	10,804,553		729,674
Student services	3,572,086		2,671,120
Institutional support	10,479,313		665,181
Operations and maintenance of plant	7,610,203		567,120
Scholarships and fellowships	3,567,964		8,126,220
Total educational and general expenditures	82,714,411	NONE	42,204,014
Mandatory transfers for:			
Principal and interest		468,798	517,110
Loan fund matching	33,438		
Nonmandatory transfers for:			
Capital improvements		636,890	273,305
Renewals and replacements		46,407	
Auxiliary enterprises expenditures		9,743,749	
Total expenditures and transfers	82,747,849	10,895,844	42,994,429
Other additions (deductions):			
Excess of restricted receipts over transfers to revenues			4,097,704
Inventory increase (decrease)	21,883		(1,153)
Other			(3,282,482)
Net increase in fund balances	$21,883	$162,723	$814,069

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU IN SHREVEPORT

Balance Sheet, All Funds, June 30, 1998
(UNAUDITED INFORMATION)

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
ASSETS				
Cash and cash equivalents	$1,204,874	$1,208,146	$1,789,420	
Investments				
Accrued interest	3,839	2,862	1,783	
Accounts receivable	202,773	64,188	669,960	
Notes receivable				$200
Deferred charges and prepaid expenses	80,649		3,344	
Inventories		343,751		
Institutional plant				
TOTAL ASSETS	$1,492,135	$1,618,947	$2,464,507	$200
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	$17,402	$34,842	$64,091	
Accrued liabilities	339,342	4,172	20,066	
Deposits held for others				
Deferred revenues	1,135,391		179,379	
Contracts payable				
Obligations under capital leases				
Total Liabilities	1,492,135	39,014	263,536	NONE
Fund Equity:				
Net investment in plant				
Fund balances:				
Reserved				
Current operations - restricted		1,579,933	2,200,971	
Noncurrent operations:				
Restricted				$200
Endowment				
Total Fund Equity	NONE	1,579,933	2,200,971	200
TOTAL LIABILITIES AND FUND EQUITY	$1,492,135	$1,618,947	$2,464,507	$200

ENDOWMENT FUNDS	PLANT FUNDS: UNEXPENDED	PLANT FUNDS: RETIREMENT OF INDEBTEDNESS	PLANT FUNDS: INVESTMENT IN PLANT	AGENCY FUNDS	TOTAL
$145,461	$287,623	$69,593		$87,807	$4,792,924
536,195					536,195
238	472				9,194
				304	937,225
					200
					83,993
					343,751
			$55,966,961		55,966,961
$681,894	$288,095	$69,593	$55,966,961	$88,111	$62,670,443
					$116,335
					363,580
				$88,111	88,111
					1,314,770
			$314,285		314,285
			60,473		60,473
NONE	NONE	NONE	374,758	88,111	2,257,554
			55,592,203		55,592,203
		$69,593			69,593
					3,780,904
	$288,095				288,295
$681,894					681,894
681,894	288,095	69,593	55,592,203	NONE	60,412,889
$681,894	$288,095	$69,593	$55,966,961	$88,111	$62,670,443

87

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU IN SHREVEPORT
ALL FUNDS

Schedule of Changes in Fund Balances
For the Year Ended June 30, 1998
(UNAUDITED INFORMATION)

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Revenues and other additions:				
Unrestricted current fund revenues	$18,191,379	$2,379,047		
Tuition and fees - restricted			$527,812	
State grants and contracts - restricted			1,642,352	
Federal grants and contracts - restricted			3,831,055	
Private gifts, grants, and contracts - restricted			1,166,206	
Investment income - restricted				
Sales and services			10,709	
Endowment income			6,042	
Additions to plant facilities				
Retirement of indebtedness				
Other sources			198,584	
Total revenues and other additions	18,191,379	2,379,047	7,382,760	NONE
Expenditures and other deductions:				
Educational and general	18,191,379		6,998,043	
Auxiliary enterprises		2,104,996		
Indirect costs recovered			210,893	
Expended for plant facilities				
Retirement of indebtedness				
Interest on indebtedness				
Other				$150
Total expenditures and other deductions	18,191,379	2,104,996	7,208,936	150
Transfers among funds - additions (deductions):				
Mandatory - principal and interest		(70,504)		
Nonmandatory - other				
Total transfers among funds	NONE	(70,504)	NONE	NONE
Net increase (decrease) for the year	NONE	203,547	173,824	(150)
Fund balances at beginning of year (restated)	NONE	1,376,386	2,027,147	350
Fund balances at end of year	NONE	$1,579,933	$2,200,971	$200

88

ENDOWMENT FUNDS	PLANT FUNDS UNEXPENDED	PLANT FUNDS RETIREMENT OF INDEBTEDNESS	PLANT FUNDS INVESTMENT IN PLANT	TOTAL
				$20,570,426
				527,812
				1,642,352
				3,831,055
				1,166,206
$40,692	$14,060			54,752
				10,709
				6,042
			$2,046,044	2,046,044
			54,286	54,286
				198,584
40,692	14,060	NONE	2,100,330	30,108,268
				25,189,422
				2,104,996
				210,893
	15,660			15,660
		$54,286		54,286
		16,218		16,218
6,042				6,192
6,042	15,660	70,504	NONE	27,597,667
		70,504		
NONE	NONE	70,504	NONE	NONE
34,650	(1,600)	NONE	2,100,330	2,510,601
647,244	289,695	69,593	53,491,873	57,902,288
$681,894	$288,095	$69,593	$55,592,203	$60,412,889

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU IN SHREVEPORT
CURRENT FUNDS

Schedule of Revenues, Expenditures, and Other Changes
For the Year Ended June 30, 1998
(UNAUDITED INFORMATION)

	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	$7,589,348		$434,311
State appropriations	10,344,604		
Federal grants and contracts			3,641,839
State grants and contracts			1,616,182
Private gifts, grants, and contracts			1,191,173
Sales and services of educational departments	40,691		11,133
Sales and services of auxiliary departments		$2,379,047	
Investment income	131,008		
Endowment income			6,042
Other sources	85,728		97,363
Total revenues	18,191,379	2,379,047	6,998,043
Expenditures and transfers:			
Educational and general:			
Instruction	10,084,568		2,801,027
Research	55,657		387,302
Public service			1,424,603
Academic support	2,297,315		401,297
Student services	849,362		80,280
Institutional support	2,703,482		26,555
Operations and maintenance of plant	1,679,177		
Scholarships and fellowships	521,818		1,876,979
Total educational and general expenditures	18,191,379	NONE	6,998,043
Mandatory transfers - principal and interest		70,504	
Auxiliary enterprises expenditures		2,104,996	
Total expenditures and transfers	18,191,379	2,175,500	6,998,043
Other additions (deductions):			
Excess of restricted receipts over transfers to revenues			384,717
Other			(210,893)
Net increase in fund balances	NONE	$203,547	$173,824

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU MEDICAL CENTER

Balance Sheet, All Funds, June 30, 1998

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
ASSETS				
Cash and cash equivalents	$102,466,835	$2,239,400	$4,248,793	$274,868
Investments		2,037,011	30,220,063	
Accrued interest		23,293	465,903	
Accounts receivable	96,197,900	1,472,413	68,806,589	
Notes receivable				11,489,759
Due from other campuses	28,834,306			
Due from other funds	2,689,359		90,700,939	1,019,312
Deferred charges and prepaid expenses	1,415,652	234	185,666	
Inventories	30,723,024	3,123,640		
Institutional plant				
Other assets			5,681	
TOTAL ASSETS	$262,327,076	$8,895,991	$194,633,634	$12,783,939
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	$52,266,606	$2,003,792	$5,388,072	
Accrued liabilities	21,155,451	215,648	7,637,793	
Due to state treasury	86,246,780			
Due to other funds	87,818,659	2,041,208		
Deposits held for others	63,779	202,055		$5,720
Deferred revenues	1,878,645	17,840	12,495	
Notes payable				
Bonds payable				
Obligations under capital leases				
Total Liabilities	249,429,920	4,480,543	13,038,360	5,720
Fund Equity:				
Net investment in plant				
Fund balances:				
Reserved	30,723,025	758,157	17,208,358	
Current operations - unrestricted (deficit)	(17,825,869)			
Current operations - restricted		3,657,291	164,386,916	
Noncurrent operations:				
Restricted				12,778,219
Endowment				
Total Fund Equity	12,897,156	4,415,448	181,595,274	12,778,219
TOTAL LIABILITIES AND FUND EQUITY	$262,327,076	$8,895,991	$194,633,634	$12,783,939

ENDOWMENT FUNDS	PLANT FUNDS: UNEXPENDED	PLANT FUNDS: RENEWALS AND REPLACEMENTS	PLANT FUNDS: RETIREMENT OF INDEBTEDNESS	PLANT FUNDS: INVESTMENT IN PLANT	AGENCY FUNDS	TOTAL
$4,656,736	$11,370,598	$2,330,422			$416,314	$128,003,966
14,696,118	21,897,863		$348,397		157,224	69,356,676
144,183	250,404					883,783
21,236						166,498,138
						11,489,759
397,579						29,231,885
523,925						94,933,535
						1,601,552
						33,846,664
				$869,784,028		869,784,028
						5,681
$20,439,777	$33,518,865	$2,330,422	$348,397	$869,784,028	$573,538	$1,405,635,667
	$63,989	$6,634				$59,729,093
						29,008,892
						86,246,780
	5,073,668					94,933,535
					$573,538	845,092
						1,908,980
				$791,114		791,114
				520,000		520,000
				3,250,005		3,250,005
NONE	5,137,657	6,634	NONE	4,561,119	573,538	277,233,491
				865,222,909		865,222,909
	632,694		$348,397			49,670,631
						(17,825,869)
						168,044,207
	27,748,514	2,323,788				42,850,521
$20,439,777						20,439,777
20,439,777	28,381,208	2,323,788	348,397	865,222,909	NONE	1,128,402,176
$20,439,777	$33,518,865	$2,330,422	$348,397	$869,784,028	$573,538	$1,405,635,667

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU MEDICAL CENTER
ALL FUNDS

Schedule of Changes in Fund Balances
For the Year Ended June 30, 1998

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Revenues and other additions:				
Unrestricted current fund revenues	$114,849,416	$27,190,062		
Tuition and fees - restricted			$707,677	
State grants and contracts - restricted			18,439,233	
Federal grants and contracts - restricted			29,428,893	$159,719
Local grants and contracts - restricted			1,457,664	
Private gifts, grants, and contracts - restricted			29,083,276	75
Investment income - restricted			3,363,489	60,142
Sales and services			144,424,938	
State funded endowments				
Endowment income			814,988	
Hospital - restricted	743,762,261		167,283,337	
Interest on loans receivable				217,683
Additions to plant facilities				
Retirement of indebtedness				
Other sources			10,603,538	2,482
Total revenues and other additions	858,611,677	27,190,062	405,607,033	440,101
Expenditures and other deductions:				
Educational and general	114,764,738		231,019,178	
Hospital	745,946,892		172,750,933	9,536
Auxiliary enterprises		25,661,920		
Indirect costs recovered			9,496,199	
Loan cancellations and write-offs				27,361
Expended for plant facilities				
Retirement of indebtedness				
Interest on indebtedness				
Refunded to grantors				63,379
Interagency transfers	86,192,755			
Other		373,068		13,158
Total expenditures and other deductions	946,904,385	26,034,988	413,266,310	113,434
Transfers among funds - additions (deductions):				
Mandatory:				
Principal and interest		(248,872)		
Loan fund matching	(31,510)		(21,728)	53,238
Other	(64,451,496)		64,451,496	
Nonmandatory:				
Capital improvements	(2,041,900)	(280,000)	(1,167,753)	
Renewals and replacements		(214,458)		
Other		(3,000)	3,000	
Total transfers among funds	(66,524,906)	(746,330)	63,265,015	53,238

(Continued)

ENDOWMENT FUNDS	PLANT FUNDS				TOTAL
	UNEXPENDED	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	
					$142,039,478
					707,677
					18,439,233
					29,588,612
					1,457,664
$508,027					29,591,378
	$1,699,357	$70,988	$11,397		5,205,373
					144,424,938
2,360,000					2,360,000
642,417					1,457,405
55,017					911,100,615
					217,683
				$39,949,080	39,949,080
				844,198	844,198
					10,606,020
3,565,461	1,699,357	70,988	11,397	40,793,278	1,337,989,354
					345,783,916
					918,707,361
					25,661,920
					9,496,199
					27,361
	3,547,972				3,547,972
			162,602		162,602
			66,270		66,270
					63,379
	2,562,482				88,755,237
		88,510		1,378,227	1,852,963
NONE	6,110,454	88,510	228,872	1,378,227	1,394,125,180
			248,872		
	3,489,653				
		214,458			
NONE	3,489,653	214,458	248,872	NONE	NONE

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU MEDICAL CENTER
ALL FUNDS
Schedule of Changes in Fund Balances, 1998

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Inventory decrease	($563,915)	NONE	($241,347)	NONE
Net increase (decrease) for the year	(155,381,529)	$408,744	55,364,391	$379,905
Fund balances at beginning of year (restated)	168,278,685	4,006,704	126,230,883	12,398,314
Fund balances at end of year	$12,897,156	$4,415,448	$181,595,274	$12,778,219

(Concluded)

ENDOWMENT FUNDS	PLANT FUNDS				TOTAL
	UNEXPENDED	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	
NONE	NONE	NONE	NONE	NONE	($805,262)
$3,565,461	($921,444)	$196,936	$31,397	$39,415,051	(56,941,088)
16,874,316	29,302,652	2,126,852	317,000	825,807,858	1,185,343,264
$20,439,777	$28,381,208	$2,323,788	$348,397	$865,222,909	$1,128,402,176

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU MEDICAL CENTER
CURRENT FUNDS

Schedule of Revenues, Expenditures, and Other Changes
For the Year Ended June 30, 1998

	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	$12,263,801		$487,726
State appropriations	98,497,436		
Federal grants and contracts			23,232,301
State grants and contracts	2,509,398		16,909,913
Local grants and contracts			1,454,429
Private gifts, grants, and contracts			28,533,829
Hospital income	743,762,261		172,757,171
Sales and services of educational departments	1,195,479		143,801,859
Sales and services of auxiliary departments		$27,190,062	
Investment income	154,396		3,523,302
Endowment income			940,384
Other sources	228,906		7,920,668
Total revenues	858,611,677	27,190,062	399,561,582
Expenditures and transfers:			
Educational and general:			
Instruction	70,230,278		36,893,980
Research	13,646,103		30,655,605
Public service	413,747		107,524,446
Academic support	9,460,653		21,039,800
Student services	1,704,315		1,044,217
Institutional support	9,568,931		26,029,092
Operations and maintenance of plant	8,317,054		6,536,853
Scholarships and fellowships	1,423,657		1,295,185
Total educational and general expenditures	114,764,738	NONE	231,019,178
Mandatory transfers for:			
Principal and interest		248,872	
Loan fund matching	31,510		21,728
Other	64,451,496		(64,451,496)
Nonmandatory transfers for:			
Capital improvements	2,041,900	280,000	1,167,753
Renewals and replacements		214,458	
Other		3,000	(3,000)
Auxiliary enterprises expenditures		25,661,920	
Hospital expenditures	745,946,892		172,750,933
Total expenditures and transfers	927,236,536	26,408,250	340,505,096
Other additions (deductions):			
Excess of restricted receipts over transfers to revenues			6,045,451
Inventory decrease	(563,915)		(241,347)
Interagency transfers	(86,192,755)		
Other		(373,068)	(9,496,199)
Net increase (decrease) in fund balances	($155,381,529)	$408,744	$55,364,391

BEST COPY AVAILABLE

OTHER REPORTS REQUIRED BY

GOVERNMENT AUDITING STANDARDS

The following pages contain a report on compliance with laws, regulations, contracts, and grants and on internal controls as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

December 2, 1998, except for note 14 titled
"Fund Balance - Current Operations - Unrestricted (Deficit),"
dated February 19, 1999, and the finding in Exhibit A titled
"Inadequate Reporting of Receivables,"
dated February 12, 1999

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Louisiana State University System, a component unit of the State of Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated December 2, 1998, except for note 14 titled "Fund Balance - Current Operations - Unrestricted (Deficit)," dated February 19, 1999, and the finding in Exhibit A titled "Inadequate Reporting of Receivables," dated February 12, 1999. We did not audit a portion of the Restricted Fund and Endowment Fund assets related to the university's Eminent Scholars Endowed Chairs Program and the Endowed Professorships Program, which are invested under contracts with the system's foundations. We also did not audit a portion of the Restricted Fund assets, revenues, and expenditures and the Net Investment in Plant Fund assets related to the operations of the LSU School of Medicine in New Orleans Faculty Group Practice doing business as LSU Healthcare Network. These amounts were audited by other auditors whose reports have been furnished to us. This report, insofar as it relates to those programs, is based solely upon the reports of the other auditors. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Louisiana State University System's general purpose financial statements are free of material misstatement, we and other auditors performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana State University System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Louisiana State University System's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the following paragraphs:

Inadequate Reporting of Receivables

The Health Care Services Division (HCSD), a component of the Louisiana State University Medical Center (LSUMC), failed to properly report receivables in its financial statements. An adequate system of internal control should include adequate supervision and review to ensure that errors in financial statements are detected and corrected in a timely manner. The financial statements submitted by HCSD to LSUMC, for inclusion in the Louisiana State University System report, contained significant reporting errors as follows:

1. HCSD overstated Medicaid receivables by $34,248,441 in the initial financial statements submitted to LSUMC. HCSD reported Medicaid receivables as $60,079,896, while the Department of Health and Hospitals reported payments of $25,831,455 that were due to HCSD at June 30, 1998. Upon further review, it was determined that $25,831,455 was a more accurate figure, and subsequently, an adjustment of $34,248,441 was recorded in the financial statements.

2. HCSD overstated Ineligible Patient Fees receivables by $66,521,573 in the initial financial statements submitted to LSUMC. HCSD initially reported $85,452,405 in the financial statements. Upon further review, HCSD determined that $18,930,832 was a more accurate figure, and subsequently recorded an adjustment of $66,521,573 in the financial statements.

Management attributes these errors to several factors. First, there was a lack of history for comparing receivable amounts to amounts reported in the prior year since this was the first year that the HCSD reported on a full accrual basis. Secondly, the merging of

two reporting systems at the Medical Center of Louisiana at New Orleans caused a lack of emphasis on collection efforts, which in turn, caused an overstatement of accounts receivable. Finally, the HCSD did not adequately adjust its allowance for doubtful accounts to reflect uncollectible accounts receivable.

HCSD should develop a compilation process that computes and reports receivables accurately. Also, HCSD should perform analytical procedures and improve supervisory review of financial information to detect and correct errors in a timely manner before submitting that information to LSUMC. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described previously is a material weakness.

Other Reports

Our audit reports on hospitals within the Health Care Services Division dated March 20, 1998; May 14, 1998; September 24, 1998; October 26, 1998; and November 20, 1998, for University Medical Center, Lallie Kemp Regional Medical Center, Huey P. Long Medical Center, W. O. Moss Regional Medical Center, and the Medical Center of Louisiana at New Orleans, respectively, contained compliance and internal control findings related to these facilities. Management's responses are also included in those reports. Copies of those reports are available for public inspection at the Baton Rouge, New Orleans, and Shreveport offices of the Legislative Auditor, and those reports can also be found on the Internet at www.lla.state.la.us:80\f&c.shtml.

On November 18, 1998, the National Collegiate Athletic Association issued a public infractions report on Louisiana State University that contained findings involving the men's basketball program. A copy of that report can be obtained by contacting the National Collegiate Athletic Association, 6201 College Boulevard, Overland Park, Kansas 66211-2422, telephone (913) 339-1906 or on the Internet at www.ncaa.org/releases/.

The various campuses of the Louisiana State University System have contracted with their foundations to invest the university's Eminent Scholars Endowed Chairs Program funds and the Endowed Professorships Program funds. Certain public accounting firms performed

agreed-upon procedures with respect to the management agreements between the university and the foundations. Certain of those reports issued by the public accounting firms contained findings, which did not impact our opinion on the LSU System. Copies of those reports are available for public inspection at the Louisiana State University System, Office of Executive Vice President, 3810 West Lakeshore Drive, Post Office Box 17050-A, Baton Rouge, Louisiana 70893-5470, telephone (225) 388-6935.

This report is intended for the information and use of the university and its management. However, by provisions of state law, this report is a public document, and its distribution is not limited.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

MGT:BJJ:PEP:dl

[LSU]

Appendix A

Management's Corrective Action Plan and Response to the Finding and Recommendation

LSUMC
HealthCare
Services
Division

February 12, 1999
(REVISED)

Dr. Daniel G. Kyle, CPA, CFE, Legislative Auditor
Office of the Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Response to Legislative Auditor Finding – Inadequate Report of Receivables for the Fiscal Year Ended June 30, 1998

Dear Dr. Kyle:

The LSU Medical Center - Health Care Services Division (LSUMC-HCSD) concurs that the Accounts Receivable for Ineligible Patient Fees and Medicaid, as reported in the Annual Financial Report for the fiscal year ended June 30, 1998, can not be quantifiably substantiated to meet Legislative Auditor standards. LSUMC-HCSD made adjustments of $66,521,573 for Ineligible Patient Fees and $34,248,441 for Medicaid in order to more accurately represent accounts receivables, with which the Legislative Auditors agreed.

The Colleges and Universities Annual Financial Report model and instructions did not require a breakdown of Accounts Receivable between Medicare, Medicaid, and Ineligible Patient Fees, as the General Fund Annual Financial Report model and instructions had in the past. Because the Accounts Receivable was not broken down, only the Total Accounts Receivable was analyzed. Due to the unusual problems that occurred at Medical Center of Louisiana (MCL) during the fiscal year ended June 30, 1998, coupled with changing the basis for reporting Accounts Receivable - from collections in the first 45 days of the new year for Ineligible Patient Fees, and collections in the next 12 months for Medicare and Medicaid - to the full accrual basis for all Accounts Receivable, and in comparison to total Accounts Receivable as reported in the Annual Financial Report in past years, it appeared that the net Accounts Receivable as reported was reasonable. Total MCL Accounts Receivable, as submitted in the Annual Financial Report, was reported as $83 million for the fiscal year ended June 30,

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1996, and $76 million for the fiscal year ended June 30, 1997, as compared to the $135 million for the fiscal year ended June 30, 1998. After the Annual Financial Report was submitted, and the Medicaid Accounts Receivable had to be estimated to compare to DHH's Medicaid Accounts Payable, the estimated Ineligible Patient Fees Accounts Receivable was high.

The Ineligible Patient Fee Accounts Receivable adjustment is based on a percentage of collections at December 31, 1997, to June 30, 1998, assuming that the collection effort at MCL for the fiscal year ended June 30, 1999, will be the same as it was in the fiscal year ended June 30, 1998.

The Medicaid Accounts Receivable adjustment is based on percentage of payments at December 31, 1997, to June 30, 1998, as prepared by DHH, and also assuming that the collection effort at MCL for the fiscal year ended June 30, 1999 will be the same as was in the fiscal year ended June 30, 1998.

As part of the fiscal response requirements, the following items have been attached:

- Attachment A -- Factual Data That Contributed to This Finding
- Attachment B -- A Corrective Action Plan, which includes:
  - the names of the responsible contact persons,
  - what corrective actions are planned,
  - and the anticipated completion dates.

If you have any questions concerning this matter, please call me at 922-2265.

Sincerely,

Arthur D. Landry, CPA, MHA
Comptroller

AL/mf/js

Attachments

98CAFRFINDING

Factual Data That Contributed to This Finding

- LSUMC-HCSD was transferred to the Louisiana State University System on July 1, 1997. For the fiscal year ended June 30, 1998, this year was the first year LSUMC-HCSD was reported as a part of the Colleges and Universities Fund within the LSU System. It was previously included in the General Fund, following the Office of Statewide Reporting and Accounting Policy's (OSRAP) annual reporting procedures and guidelines for state agencies.

- In previous years, Accounts Receivable for Medicaid and Medicare was reported based on the Patient Accounting System, the same basis as was used in the fiscal year ended June 30, 1998. LSUMC-HCSD receives payments on Medicaid claims through the Department of Health and Hospitals (DHH). Until the fiscal year ended June 30, 1998, there was no analytical review or comparison made between LSUMC-HCSD's reported Medicaid *Receivable* and DHH's reported Medicaid *Payable* to LSUMC-HCSD. At June 30, 1998, LSUMC-HCSD reported Medicaid Accounts Receivable as $60,079,896; DHH estimated their Medicaid Payable as $25,831,455. DHH's estimated Payable is based on historical data. LSUMC-HCSD's estimated Receivable is based on charges less contractual allowances in our Patient Accounting System.

- In previous years, Accounts Receivable for Ineligible Patient Fees was reported as payments received during the first 45 days of the next fiscal year, based on reporting procedures from OSRAP. Total Ineligible Patient Fees Receivables were disclosed in the footnotes only, based on procedures established in 1988 by consultants from our Patient Accounting Software Vendor and the Office of Hospitals, with approval by OSRAP. For the fiscal year ended June 30, 1998, this year was the first year to report Ineligible Patient Fees on a full accrual basis. LSUMC-HCSD reported Ineligible Patient Fees Receivable of $85,452,405 at June 30, 1998.

- The largest hospital in the LSUMC-HCSD – Medical Center of Louisiana at New Orleans (MCL) – represents 75% of LSUMC-HCSD's total Accounts Receivable; 90% of Ineligible Patient Fees Accounts Receivable; and 65% of Medicaid Accounts Receivable.

- MCL consists of two hospital campuses – the "Old Charity" Hospital and the "Old University" Hospital (formerly Hotel Dieu). Each of these campuses had a separate Patient Accounting System until July 1, 1997. A new "Merged" Patient Accounting System was created on July 1, 1997, and a consolidated business office initiative was attempted. MCL has been running three Patient Accounting Systems since

July 1, 1997. Since July 1, 1997, new patient charges have been input into the "Merged" system only. The two old systems are being worked until all the Accounts Receivable is settled.

- When the new "Merged" system was set up on July 1, 1997, major system and operational problems occurred that prevented correct bills being produced and submitted for approximately 9 months. Sixty-five per cent (65%) of the dollar amount of Medicaid claims submitted between July 1, 1997, and February 28, 1998, were denied and had to have manual intervention to resubmit to Medicaid. All of the Commercial and Ineligible Patient Fee bills could not be mailed out until after March 1998 due to inaccuracies in the address field of the bill form.

- With the new "Merged" system, the Business Office at MCL was re-organized; due to the system problems, personnel and supervision issues, and the re-organization, collection efforts were at a minimum.

- At June 30, 1998, MCL reported net Accounts Receivable as $135,722,469. The Colleges and Universities Annual Financial Report model and instructions did not require a breakdown of Accounts Receivable between Medicare, Medicaid, and Ineligible Patient Fees, as the General Fund Annual Financial Report model and instructions had in the past. Because the Accounts Receivable was not broken down, only the Total Accounts Receivable was analyzed. Due to the unusual problems that occurred at MCL during the fiscal year ended June 30, 1998, coupled with changing the basis for reporting Accounts Receivable - from collections in the first 45 days of the new year for Ineligible Patient Fees, and collections in the next 12 months for Medicare and Medicaid - to the full accrual basis for all Accounts Receivable, and in comparison to total Accounts Receivable as reported in the Annual Financial Report in past years, it appeared that the net Accounts Receivable as reported was reasonable. Total Accounts Receivable, as submitted in the Annual Financial Report, was reported as $83 million for the fiscal year ended June 30, 1996, and $76 million for the fiscal year ended June 30, 1997, as compared to the $135 million for the fiscal year ended June 30, 1998. After the Annual Financial Report was submitted, and the Medicaid Accounts Receivable had to be estimated to compare to DHH's Medicaid Accounts Payable, the estimated Ineligible Patient Fees Accounts Receivable was high.

The Ineligible Patient Fee Accounts Receivable adjustment is based on a percentage of collections at December 31, 1997, to June 30, 1998, assuming that the collection effort at MCL for the fiscal year ended June 30, 1999, will be the same as it was in the fiscal year ended June 30, 1998.

- The Medicaid Accounts Receivable adjustment is based on percentage of payments at December 31, 1997, to June 30, 1998, as prepared by DHH, and also assuming that the collection effort at MCL for the fiscal year ended June 30, 1999 will be the same as was in the fiscal year ended June 30, 1998.

Corrective Action Plans

Systemwide Action Plans and Incentives:

- Proposal to establish a Patient Financial Services Director position and reorganization of the Reimbursements Division and Patient Accounting and Accounts Receivable reporting responsibility. Executive management's exploring options to streamline, reorganize and make more accountable the functional areas of Patient Financial Accounting and Reporting on a system-wide basis.
  - Contact Persons Responsible for Corrective Action – Don Elbourne and Don Hutchinson
  - Anticipated Completion Date – September 30, 1999

- Forthcoming educational in-service scheduled for February 11 and 12, 1999, for all Finance Officers, Patient Accounting Managers, and select Reimbursement Division staff titled "How to Building a Better Business Office" requested to provide additional training and best practices review to staff and to stimulate operational improvements and efficiencies.
  - Contact Persons Responsible for Corrective Action – Don Elbourne and Art Landry
  - Anticipated Completion Date – June 30, 1999

- Charge Description Master (CDM) – the CDM is an integral component of the patient accounting system.
  - Establishment of a CDM review committee to review standardization opportunities.
  - Engage outside consultant to assist in evaluation and identification of updates to CDM to maximize revenue generation opportunities.
  - Establishment of system-wide consistency and implementation of permanent monitoring and charge management to the CDM process.
    - Contact Persons Responsible for Corrective Action – CDM Committee – Greg Speyer and Clay Dunaway
    - Anticipated Completion Date – June 30, 2000

- Proposed re-organization of Application Support to provide more timely and proactive support to hospitals. To establish standardized reporting and timely management information reports in the area of patient financial accounting.
  - Contact Persons Responsible for Corrective Action – Don Elbourne
  - Anticipated Completion Date -- September 30, 1999

- Initial evaluation of the implementation of performance appraisal system for all patient accounting managers and charge capture sections within each hospital as well as executive financial management.
  - Contact Persons Responsible for Corrective Action – Don Elbourne and LSUMC-HCSD Executive Management
  - Anticipated Completion Date – June 30, 2000

- Major initiative regarding training and upgrading employee skill sets and responsibilities in the area of patient accounting charge capture/cost recovery and other revenue generating area in the hospitals.
  - Contact Persons Responsible for Corrective Action – Don Elbourne and LSUMC-HCSD Executive Management
  - Anticipated Completion Date – June 30, 2000

- Extensive financial reporting and operational re-structuring effort in New Orleans at MCL, since they represent approximately 65% to 90% of all HCSD Accounts Receivable balances (approximately 65% of Medicaid Accounts Receivable and 90% of Ineligible Patient Fees Accounts Receivable).

  - Business office re-engineering is an ongoing initiative under direction of new acting Chief Financial Officer (CFO). (The 5th CFO in 6 years.)
    - Contact Persons Responsible for Corrective Action – John Berault and Helen Bates
    - Anticipated Completion Date – June 30, 2000

- Outside consultant assistance at MCL in area of patient accounting system engaged to do internal control review, operational and procedural flow analysis and recommendations.
  - Contact Persons Responsible for Corrective Action – John Berault and Helen Bates
  - Anticipated Completion Date – June 30, 1999

- Due to lack of competent staff and a patient accounting experience shortage, executive management turned to outside consultants in an effort to turn around the extensive problems with the MCL patient accounting operations.
  - Contact Persons Responsible for Corrective Action – John Berault and Helen Bates
  - Anticipated Completion Date – June 30, 1999

- Establishment and staffing of Internal Audit staff on-site at MCL to monitor and test accuracy of systems, processes, and procedures in place and being implemented. New area of emphasis will be to monitor patient accounting systems for accuracy and reliability of financial data that is used in the preparation of the MCL financial statements.
  - Contact Persons Responsible for Corrective Action – Ken Laney and Debbie Zimmerman
  - Anticipated Completion Date – June 30, 1999

- New Information Technology (I/T) incentives at MCL by executive management to address system infrastructure and reliability which was sporadic and problematic in the past and greatly contributed to the patient accounting accuracy and reliability issue from a historical perspective. Areas of emphasis will include network reliability and connectivity.
  - Contact Persons Responsible for Corrective Action – John Berault and Greg Speyrer
  - Anticipated Completion Date – June 30, 1999

- Examination and appropriate revisions to the methodology regarding the estimation of accounts receivable, allowances for doubtful accounts, contractual allowances and net accounts receivable will be examined and revised as necessary to reflect more accurate accounts receivable for the next reporting period to the state which is for June 30, 1999.
  - Contact Persons Responsible for Corrective Action – Don Elbourne, Art Landry and Judy Albin
  - Anticipated Completion Date – June 30, 1999

- Now that LSUMC-HCSD is a part of Colleges and Universities reporting and not the General Fund, every effort will be made to work more closely with DHH financial management to insure the accuracy and reliability of the matching of accruals between the two agencies.

  - Contact Persons Responsible for Corrective Action – Don Elbourne, Art Landry and Judy Albin
  - Anticipated Completion Date – June 30, 1999